



Daily Report

China

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Friday
11 March 1988

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General

News Analysis on Prospects for Shultz Peace Plan
OW100906 Beijing XINHUA in English 0727 GMT
10 Mar 88

[“News Analysis: Will Middle East Accept Shultz’s Peace Plan? by Yan Yijiang”—XINHUA headline]

[Text] Beijing, March 10 (XINHUA) — Ten years ago, when Egypt made its own peace with Israel at Camp David, the other Arab governments accused it of selling out the interests of Palestinians and the Arab world. Now, it is their turn to make a similar choice: whether to deal separately with Israel.

This is the most painful element U.S. Secretary of State George Shultz’s new peace plan left for Arab states and Israel before he ended his shuttle tour in the Middle East last Saturday.

The Arabs have long held that they can gain more at a U.N.-sponsored international conference with the power of the five permanent Security Council members to interfere. At such a forum, the ratio between the Arabs and Israel is probably 5:1 and, if the Security Council members want to take away a possible deadlock, the ratio may be 4:1 — the Soviet Union, China, France and Britain on one side and the United States on the other.

But, a Mideast analyst has pointed out that, if they deal separately with Israel, the Arabs might be crushed one by one, because Israel’s power and military strength would play a big role at the negotiating table.

Still, the Arabs have found that Shultz’s version of the proposed international conference is a “ceremonial” one without U.N. power to intervene. Including the international peace conference in his plan was the greatest effort Shultz could offer in “taking account of the interests of all sides concerned” during his seven days in the region.

Jordan and Syria feel that the U.S. plan falls “short of securing a just and comprehensive settlement.” The Palestine Liberation Organization (PLO) has bluntly rejected it, saying that the plan, which disengages the PLO from all negotiations and dismisses the right to Palestinian national self-determination, was “a dangerous plan aimed at liquidating the Palestinian cause and reducing to nothing the gains realized under PLO leadership.”

However, Egypt has highly praised the Shultz initiative as “encouraging and constructive,” probably because it has waded through the painful days at Camp David.

The Middle East peace process is a complicated and bitter one in which there are many vested interests interacting and conflicting with each other. There are considerations for Arab-Israel, Arab-PLO, Israel’s Likud-Labor and Soviet-U.S. relations.

These relations tend to pyramid and become more complicated. No matter what the peace proposal, the “Reagan Plan” of 1982, the current “Shultz Plan” or others still to come, none can escape the zero-sum game in which what one gains is what the other loses. The only question is with whom. That is why King Husayn of Jordan, whom Shultz called the “key protagonist,” has hammered home at “securing a just and comprehensive settlement.”

But how to be “just” and “comprehensive”? The immediate question is whether, according to Shultz’s plan, to form a Jordanian-Palestinian delegation to negotiate with Israel, or to give the Palestinians a separate seat at the bargaining table as the PLO demands. Israel refuses to talk with the PLO, accusing it of “practising terrorism”.

In the long term, even if the proposed December negotiation of a final settlement for the territories leads to Israel’s returning the territories, to whom should they be returned? Jordan or the PLO? Israel refuses to be a neighbor of a future Palestine state with PLO leadership. Instead, it wants the land to be confederated with Jordan. But PLO Chairman Yasir ‘Arafat vows to “struggle all my life until an independent Palestine state comes into being.”

In the early 70s, King Husayn drove the PLO out of Jordan, accusing the chairman of plotting to overthrow him. He is also cautious against offending the PLO, because more than 60 percent of Jordan’s population are Palestinians.

Would he dare incorporate the land which Israel took over in the 1967 war, so that he has also to incorporate an additional Palestinian population of 1.5 million? It remains to be seen. “But they (Jordanians) may have difficulties in public they do not have in private,” said a U.S. official to REUTER last Thursday in Amman after he attended Shultz’s talks with Jordanians.

Thus, the “comprehensive” settlement that King Husayn demands would also extend to potential problems inside the Arab world after a supposed Israeli withdrawal from the territories.

The U.S. mediator, however, has no interest in this. “Whether to form an independent Palestinian state is a decision to be made in the future among the Arabs,” Shultz said during his Middle East shuttle. He seems to have interest only in the zero-sum games between Israel and Arabs or between the U.S. and Soviets perhaps, but not among Arabs. It might explain why King Husayn stayed away during Shultz’s Middle East peace mission. The Jordanian ruler was in London for dental treatment.

Of course, even if Jordan and Syria accept the new peace plan, the problem is only half solved. The revival of the moribund peace process depends more on the other rival — Israel. “The Americans have shown understanding of

the united Arab stand ... The only obstacle in Shultz's mission was (Israeli Prime Minister Yitzhak) Shamir's extremism," a senior Jordanian official said last week in Amman.

The rise, fall or transformation of all the interconnected vested interests in the region depend on whether Israel will return all the territories it has occupied and settled since the 1967 war.

On this issue, Israel's coalition government of the right-wing Likud bloc and the moderate Labor Party have long been divided. Prime Minister Shamir of the Likud insists on settling everything by strength rather than negotiations. He opposes the U.S. "Land for Peace" plan.

On the other hand, Foreign Minister Shim'on Peres of the Labor Party likes the plan and wants to trade parts of the territories "irrelevant to Israel's security" for peace on the condition that the returned land be incorporated into Jordan.

To many Arabs, the Israelis seem so divided that the coalition government's internal conflict appears more difficult to settle than the Arab-Israeli conflict. And worst of all, Shamir very angrily accused Peres last month of "selling out all I (Shamir) said to him (Peres) in public and even to our enemies."

Actually, the three months of Palestinian uprising in the occupied territories has already destroyed the fait accompli Israel presented on the territories for its dream of a "great Israel." Some Israelis, including government officials, say the options before Israel are not "whether or not to accept a peace plan, but whether to make war upon the stone-throwers which Israel can never win."

But the options before Shamir in Washington in mid-March, said an Israeli official close to Peres, are to find a face-saving formula to accept the plan or to schedule early elections — probably in May — to form a new government to replace the divided coalition. The question is between whom the zero-sum game will be played first, Arabs and Israel? Or Shamir and Peres?

GUANGMING RIBAO on Shultz' Mideast Trip
HK110421 Beijing GUANGMING RIBAO in Chinese
3 Mar 88 p 4

["Newsletter from Cairo" by GUANGMING RIBAO reporter Chen Keqin (7115 0344 0530): "A Trip Against One's Will Following the General Trend of Events—Shultz' Trip to the Middle East"]

[Text] From 25 to 29 February, U.S. Secretary of State George Shultz visited Israel, Jordan, Syria, and Egypt. During the trip, he went to Jordan twice and to Israel three times. On 1 March, after leaving the Middle East, he again met Jordan's King Husayn who was visiting Britain.

Two months ago, Shultz said that he really did not want to hear the words Middle East again. Nor was he ready to hear any new Middle East peace proposals. However, under internal and external pressures and influence resulting from the demonstrations and struggle waged by the Palestinian people in the Israeli-occupied territories, immediately after the visits of U.S. special envoys Habib and Murphy to the Middle East and his meeting with the Soviet Foreign Minister, Shultz, enduring the hardships of a long journey, rushed to the Middle East to continue to seek a compromise proposal for pacifying the demonstrations and struggle being waged by the people in the occupied territories.

The demonstrations that began in the Israeli-occupied territories on 9 December last year are now on the upsurge. They indicate that the Palestinian people's struggle has entered a new stage—realizing the hope of carrying the struggle deep into the occupied territories—a hope that the Palestine Liberation Organization has failed to fulfill for many years, and they represent the new awakening and national will of the Palestinian people. A new generation of Palestinians, crucial to the Palestinian struggle, is growing rapidly to maturity. This force will have a strong, far-reaching influence on various Middle East states and the PLO as well as the United States and Israel.

This time Shultz did not clearly announce a concrete U.S. program but armed with some flexible proposals and through shuttle consultations, he sought a program acceptable to all parties concerned. There are two main points in his proposal. First, after an international peace conference in April, direct negotiations are to be held over the following 6 months and during this transition period, the Israeli armed forces and administrative organs will withdraw from some parts of the West Bank and Gaza occupied territories. Civil administrative organs formed through elections will exercise limited autonomy in the territories, and as a result, all mass demonstration activities should be halted. Second, the negotiations based on Resolutions 242 and 338 of the UN Security Council on an overall settlement program, which should begin before the end of the year, will be approved by the international peace conference and the overall settlement program will be implemented in 3 years. The administrative subordination of the City of Jerusalem will be negotiated later. PLO-appointed non-members will participate in the Jordan-PLO joint delegation to solve the problem of representation of the Palestinian people.

In compliance with the demands of the Arab nations, these new U.S. proposals use Resolution 242 and administrative management to replace the expressions Camp David accords and autonomy but their essence is still "putting out a fire" through autonomy first and protracted negotiations later. They evade the questions of the size and timing of an Israeli troop withdrawal and the representation of the Palestinian people and continue to exclude the PLO. Hence, the Arab side has rejected them.

Syria has firmly rejected the transition program, adhering to an international peace conference and an overall settlement, but is ready to continue dialogues. Moreover, it has for the first time expressed willingness to discuss the return of the Golan Heights with Israel. Jordan accepted some ideas in the U.S. proposal but argued that some points were ambiguous and lacked a reliable guarantee. It still insists on the convention of an international peace conference. Egypt reaffirmed its position that Israeli troops should be withdrawn, the rights of the Palestinian people to self-determination guaranteed, and an international peace conference held and it added some positive ideas to the U.S. proposal.

The Israeli Government was unprecedentedly sharply divided. Shultz had to hold separate talks with Prime Minister Yitzhak Shamir and Foreign Minister Shim'on Peres. Peres supported the U.S. proposal and maintained that continued annexation of the whole occupied territories would be Israel's greatest mistake. Shamir was stubbornly opposed to any international conference and the idea of "land for peace." He only agreed to negotiations on the Camp David accords and the improvement of treatment of Palestinian refugees.

The PLO expressed readiness to form a joint delegation with the representatives of the occupied territories for dialogue with the United States. The United States has for the first time indicated that if the PLO recognizes Israel, it will be willing to have a dialogue with the latter.

As Israel's internal differences were sharp and the positions of the PLO and Israel were too far apart, it was only to be expected that Shultz would return home empty-handed. U.S. Assistant Secretary of State Murphy will continue mediating in the Middle East. After participating in a NATO meeting, Shultz may visit the Middle East again. This will depend on developments. Pressured by the general trend of events to alleviate the pressure of the demonstrations and struggle in the occupied territories, to cope with the unanimous demands of the Arab nations and West Europe, and to check the ever expanding Soviet influence, the United States must continue to maintain a stance of expediting the Middle East peace process. Shultz has indicated that U.S. policy on the Middle East requires great patience. This shows that although there may be a favorable turn in the negotiations for peace in the Middle East, it will still be a long, difficult process to achieve it.

United States & Canada

Wu's High-Tech 'Victory' in U.S. Noted
HK110643 Hong Kong SOUTH CHINA MORNING POST in English 11 Mar 88 p 19

[By David Chen "Wu Scores a Major Technology Victory"]

[Text] China's Foreign Minister Wu Xueqian has pulled off a major diplomatic coup—some might even call it a minor miracle—on his tour of the United States.

Sources say he has finally convinced the Reagan administration to resume the flow of high-technology equipment to China, scoring a major victory in Beijing's battle to modernise the nation.

Some observers believe China has paid a high price for this concession—giving its support to a worldwide arms embargo against Iran. This could well lead to questions being asked by Beijing hard-liners back home, who might interpret the move as a "surrender" to western influence.

It shows, perhaps, how important the technology issue is to Beijing.

The U.S. was furious because it believed China was selling Silkworm missiles to Iran for use in the Gulf War and last month Congress cut off the flow of technology to Beijing.

Mr Wu obviously soothed the Americans' ruffled feathers, assuring the White House that China was no longer selling Silkworm missiles—short-range rockets which have wreaked havoc on merchant shipping in the Gulf—to Tehran.

The U.S. has said it believes this and Iran will no doubt be angry as China's new stance will put fresh pressure on Tehran to join Iraq in accepting a cease-fire solution to the seven-year conflict.

Sino-American relations have been through some marked fluctuations since Mr Ronald Reagan took over the Presidency in 1981. The period has seen major progress in bilateral co-operation on one hand and confrontation on such topics as human rights and the sale of American "defensive" weapons to Taiwan on the other.

There were other complications too. Mr Reagan has moved towards some kind of detente with Soviet leader Mikhail Gorbachev on the arms issue which in turn has caused some U.S. officials to fret about the minor thaw in relations between Moscow and Beijing.

This has also affected co-operation between the United States and China on strategic matters. One victim of this diplomatic about-turn was the earlier willingness of the U.S. to transfer technology that would enhance China's anti-submarine warfare (ASW) capability.

According to informed sources, there are other areas of American technology that China yearns for, including technology used in nuclear weapons design, electronic warfare and intelligence gathering. In concrete terms this means powerful computers, satellite imaging and laser gyroscopes for inertial navigational systems which could also be used to improve the accuracy of China's missiles.

Essentially China is looking for the techniques needed to mass produce such equipment, an area in which the United States still claims a huge lead.

For more than three decades, Communist China has been on the U.S. "enemy list" and any "transfer" of technology to Beijing was considered to be an enemy act. Only four years ago, two naturalised Americans of Chinese origin were jailed for stealing hi-tech information from the U.S.

The detente reached following the establishment of diplomatic relations in 1979 and subsequent close co-operation on matters of mutual interest finally convinced the White House to allow the transfer of certain high-tech items to China. Each case was dealt on its individual merits.

Various items, ranging from sophisticated computers that had been already sold to western allies, to electronics, machinery and communications equipment were sold to China.

In 1985, several countries, including the U.S. and Japan, agreed in principle to reduce barriers on the sale of computers and other high-technology equipment to China.

In the end a total of 30 hi-tech products that have dual civilian-military use were cleared for sale to China "without inter-agency review".

Although not strictly a confidential one, the list is nevertheless limited to those involved in the trade. It is understood that the items range from digital technology to bio-physics

Foreign Minister Wu, soon to become a Vice-Premier, may not have achieved all he had set out to do in his current trip but he has at least reopened the door to Sino-American co-operation.

Even more important is his achievement in arriving at an understanding with Washington—in this difficult election year—that makes it clear that China still looks to the U.S. and its allies for sophisticated technology rather than the Soviet bloc.

News Analysis of Post-'Super Tuesday' Situation
OW101546 Beijing XINHUA in English 1449 GMT
10 Mar 88

[“News Analysis: Situation of U.S. Presidential Primaries After ‘Super Tuesday’—by Li Yanning”—XINHUA headline]

[Text] Washington, March 10 (XINHUA)—The situation of the Republican presidential primary balloting became bright and clear with Vice President George Bush winning in 16 states on “Super Tuesday” of March 8.

“Super Tuesday” was one of the most important battles in the campaign for the Presidency of the United States. Both the Republican and Democratic parties held primaries in sixteen states on Tuesday. In addition, the Democratic Party convened caucuses in four states and

the Republican Party had a caucus in one state. In these primaries and caucuses both parties select one third of delegates to each of their national conventions.

Besides Bush, who scored the biggest triumph on the single day of primary voting, former television evangelist Pat Robertson led in one state and Bush's chief rival Senate Republican leader Robert Dole won no state that day.

Bush has so far won about 700 convention delegates, which is not far from the required number 1139 that he needs to get nominated by the Republican Party. Dole is far behind Bush with only 160 delegates. The numbers of delegates for Robertson and Congressman Jack Kemp are even smaller. It does not matter to Bush now whether they will continue their campaigns or not.

Although Dole still has chances in several states such as New York, California, Pennsylvania and Illinois, it does not seem possible for him to stop Bush from rolling to the nomination, unless he has some surprisingly clever move or any rumors unfavourable to Bush's reputation explode.

The situation on the Democratic side is not clear enough. Massachusetts Governor Michael Dukakis won eight states on “Super Tuesday.” Senator Albert Gore won six and black civil rights leader Jesse Jackson got five. Congressman Richard Gephardt, who had gained good results in Iowa and New Hampshire, on Tuesday only won his own native state, Missouri.

With these outcomes of the “Super Tuesday” primaries, Dukakis, Gore and Jackson have become the three most promising candidates of the Democratic Party, though none of them is in a comparatively stable leading position. There will still be fierce contests among them in the rest [of the] primaries.

Dukakis's campaign is best funded and best organized among the three. With the successes he achieved in New England in the northeast of the country, and Texas and Florida in the South, he can boast now that he is no longer a regional figure only. He can say he is a man of national influence. Therefore, it is reasonable to say that Dukakis has more advantages than the other two.

Gore had given up his campaigns in Iowa and New Hampshire in order to focus his energy in the South, where he got quite a good result. Five of the six states he won are in the South. However, there is still a long way for him to turn from a regional figure into a national one.

Jackson, the only black candidate, has least funds for his campaign. His influence, however, has increased greatly compared with his campaign in 1984, when he won only one state in the South. This time he got five Southern states on Tuesday.

Jackson won over not only most of the black voters in the South (up to 95 percent in some states), but also over 10 percent, or even over 20 percent, of the white voters.

It is obvious that the American people are not as open-minded as to select a black to be their president. It is also impossible for the Democratic Party to nominate a black as its candidate for the Presidency.

However, if Jackson can gain as much of one fourth of the Democratic Convention delegates as some analysts expect, he will become a political force to be reckoned with in the Democratic Party.

State Leaders Meet U.S. Chennault Delegation

Meeting With Chen Muhua

OW101315 Beijing XINHUA in English 1120 GMT
10 Mar 88

[Text] Beijing, March 10 (XINHUA)—Chinese State Councillor Chen Muhua, who is also governor of the People's Bank of China, today discussed economic cooperation with Anna Chennault, chairman of the U.S. National Republican Heritage Groups.

Chennault and her colleagues arrived here yesterday as guests of the Chinese People's Association for Friendship With Foreign Countries.

Meeting With Yao Yilin

OW111336 Beijing XINHUA in English 1253 GMT
11 Mar 88

[Text] Beijing, March 11 (XINHUA)—Chinese Vice Premier Yao Yilin met with Anna Chennault, chairman of the U.S. National Republican Heritage Groups, and her party at the Great Hall of the People here this afternoon.

The U.S. visitors are scheduled to leave here for home via Hong Kong tomorrow.

Zhang Jingfu Meets Delegation From IBM

OW101239 Beijing XINHUA in English 1136 GMT
10 Mar 88

[Text] Beijing, March 10 (XINHUA)—Chinese State Councillor Zhang Jingfu met with D.E. McKinney, senior vice-president of the IBM Corporation of the United States at the Great Hall of the People here today.

The delegation, the second high ranking group from IBM to visit China in recent years, exchanged views with Chinese officials on China's computer industry and investment environment, as well as possibilities of further bilateral cooperation.

McKinney and his party arrived here yesterday as guests of the Ministry of Electronics Industry.

Southeast Asia & Pacific

XINHUA Reports Death of SRV's Pham Hung

OW111152 Beijing XINHUA in English 1134 GMT
11 Mar 88

[Text] Hanoi, March 11 (XINHUA)—Chairman of the Council of Ministers of Vietnam Pham Hung has died of heart attack Thursday afternoon, according to reliable sources here.

Pham Hung, 76, who is also member of the Political Bureau of the Central Committee of the Communist Party of Vietnam, was named premier in June 1987.

He died while on a tour of the south of the country, the sources said.

Near East & South Asia

Israeli, PRC Officials Meet on Mideast Issue

OW101250 Beijing XINHUA in English 1214 GMT
10 Mar 88

[Text] Beijing, March 10 (XINHUA)—President Li Yimang of the Association for International Understanding of China (AIUC) conferred with Ela'zar Granot, general secretary of the Israeli United Worker's Party (MAPAM) here tonight.

Granot, who arrived on March 1 as guest of AIUC, has held discussions with AIUC Vice-President Zhang Xiangshan and head of the International Liaison Department of the Chinese Communist Party Central Committee Zhu Liang on international issues.

Granot told his hosts that MAPAM stands for convening an international conference to seek a peaceful settlement to the Mideast question, recognizes the Palestine Liberation Organization (PLO) as the legal representative of the Palestinian people and recognizes the Palestinian people's right to self-determination.

MAPAM holds that Israel should end its occupation of the Arab and Palestinian land and hopes that China would play a greater role in the peaceful settlement to the Mideast question, Granot said.

The three Chinese appreciated MAPAM's stand, and they reiterated that China will, as always, continue to support the Arab and Palestinian people in their just struggle against Israeli aggression and expansion.

They demanded that Israel withdraw from all the Arab land it has occupied since 1967 and the legitimate national rights of the Palestinian people be restored. All the Mideast countries have their rights for independence and existence.

They also expressed support for convening an international conference under the U.N. auspices to solve the Mideast question, saying that the Palestine Liberation Organization has the right to attend such a conference on an equal footing.

On behalf of the Chinese people, they strongly condemned the Israeli authorities for their recent atrocities in suppressing the Palestinian people living in the occupied land.

Granot and his Chinese hosts agreed that people-to-people contacts are conducive to promoting the mutual understanding between the Chinese and Israeli people.

West Europe

Wu Arrives in UK, Discusses Ties With Howe
*OW110159 Beijing XINHUA in English 0143 GMT
11 Mar 88*

[Text] London, March (XINHUA)—Visiting Chinese State Councillor and Foreign Minister Wu Xueqian and British Foreign Secretary Sir Geoffrey Howe held talks this afternoon at Howe's country residence at Chevening, south of London.

Chinese officials accompanying Wu on his six-day visit to Britain told XINHUA that the two exchanged views on a wide range of international issues, including East-West relations, disarmament and regional conflicts.

On Kampuchea and Afghanistan, the officials said, both sides agreed that foreign troops should completely withdraw as soon as possible.

Wu also briefed Howe on his recent visit to the United States.

Wu, who arrived in London this morning after a week-long visit to the United States, will have a second round of talks with his British counterpart tomorrow morning.

This evening, Howe gave a dinner in honor of the Chinese foreign minister.

Chinese Ambassador to Britain Ji Chaozhu was present on both occasions.

A British official said that the fact that Wu was received at Howe's residence at Chevening, some 40 kilometers south of London, demonstrated the "close personal relationship" established between Wu and Howe in recent years. The two have met on five previous occasions.

East Europe

Polish Minister on Ties With West, PRC
*OW110441 Beijing XINHUA in English 0302 GMT
11 Mar 88*

[Text] Warsaw, March 10 (XINHUA)—Polish Foreign Minister Marian Orzechowski today said his country is open to the Western world despite the fact that some capitalist countries have yet to remove remaining discriminating measures against his nation.

Speaking to the Polish parliament on the country's diplomatic work, Orzechowski said a fundamental step has been taken over the past year to restore ties with the West.

He cited Poland's accumulating foreign debt, which stands at some 39.2 billion U.S. dollars, as the main obstacle to improved economic relations with Western nations, although he pledged to make every effort to pay it off.

Following the imposition of martial law in the country on December 13, 1981, Western countries, including the United States, Britain, France and Japan, announced economic sanctions against Poland.

Last February, the United States lifted its economic sanctions on Poland and again granted the country the most-favored-nation status.

According to official Polish statistics, the sanctions by the United States alone cost Poland 15 billion U.S. dollars.

A solution to the debt problem calls for the adoption by the creditor countries of a constructive attitude toward the issue and normalized financial and monetary ties with them, the minister said.

Referring to ties with China, he said relations between the two countries have entered a new and advanced period. "The distance between Warsaw and Beijing has been shortened," he said.

Polish leader Wojciech Jaruzelski and Chinese Communist Party chief Zhao Ziyang exchanged visits to each other's countries over the past two years in a bid to normalize ties frozen for some three decades over ideological differences.

The Polish foreign minister also vowed to continue cooperation with the other Warsaw Pact members, including the Soviet Union.

NPC Standing Committee Continues Meeting

Peng Zhen Attends Session

OW110136 Beijing XINHUA Domestic Service
in Chinese 0853 GMT 10 Mar 88

[Text] Beijing, 10 Mar (XINHUA)—The 25th meeting of the 6th NPC Standing Committee held a plenary session in the Great Hall of the People this morning to hear a report on qualifications of deputies to the Seventh NPC and State Council reports on the overturning of train No 80 and the crash of aircraft No 222.

Chairman Peng Zhen attended the plenary session which was chaired by Vice Chairman Wang Renzhong.

The report on qualifications of deputies to the Seventh NPC, submitted by the NPC Standing Committee Credentials Committee, was read aloud at the plenary session. Liao Hansheng, chairman of the credentials committee, made some explanations concerning the report.

Liao Hansheng said: A total of 2,975 deputies to the Seventh NPC has been elected in various localities (2,978 deputies should have been elected). After examining the qualifications of the 2,975 deputies, the Credentials Committee found that 2,970 deputies were qualified because their election was conducted according to law. Five deputies were disqualified because the number of votes they received failed to meet the quota prescribed by law. Further elections will be conducted according to law to fill the eight remaining vacancies.

Entrusted by the State Council, State Councillor Zhang Jingfu delivered to the plenary session a report on the overturning of train No 80 on the Kunming-Shanghai Railway and the handling of the accident and another report on the 18 January crash of an Il-18 airliner No 222 and the handling of this accident.

Zhang Jingfu said: The overturning of train No 80 was an accident involving responsibility. This was discussed at a regular meeting of the State Council on 5 March. In order to strengthen discipline, the State Council accepted the resignation of Ding Guangen, minister of railways, to serve as education for cadres. The resignation will be submitted to the NPC Standing Committee for examination and decision.

Zhang Jingfu said: At its regular meeting on 5 March, the State Council held that the crash of aircraft No 222 was one involving responsibility. In order to strengthen discipline, the State Council decided to punish Hu Yizhou, director general of the Civil Aviation Administration of China, by giving him a demerit, to serve as an example for cadres.

At today's session a written report by Vice Chairman Chen Pixian on the visit to Thailand by an NPC Standing Committee delegation was distributed. The report

said: At the invitation of the Thai Parliament, a delegation of the NPC Standing Committee, with Vice Chairman Chen Pixian as its leader and He Ying, vice chairman of the NPC Overseas Chinese Affairs Commission, as its deputy leader paid a friendly visit to Thailand from 29 January to 6 February 1988. The visit was a complete success because it achieved the desired objectives of promoting mutual understanding and friendship and boosting the existing cooperation between the two countries.

Attending the plenary session were Vice Chairmen Geng Biao, Peng Chong, Zhu Xuefan, Ngapoi Ngawang Jigme, Seypidin Aizezi, Zhou Gucheng, Yan Jici, Rong Yiren, Ye Fei, Huang Hua, and Chu Tunan.

Leaders Elected to NPC

OW110415 Beijing XINHUA Domestic Service
in Chinese 1558 GMT 10 Mar 88

[By reporters Li Shangzhi and He Ping]

[Text] Beijing, 10 Mar (XINHUA)—Some party and state leaders, old party comrades, and responsible persons of various democratic parties and mass organizations have been elected as deputies to the 7th National People's Congress. They will play an even greater role in carrying out political activities within the party and in developing the socialist modernization program.

Our reporters have learned from the credentials committee of the 7th NPC Standing Committee that the party and state leaders and old party comrades elected to the 7th NPC include Zhao Ziyang, Deng Xiaoping, Li Peng, Qiao Shi, Hu Qili, Ulanhu, Wan Li, Li Ruihuan, Yang Shangkun, Song Ping, Hu Yaobang, Qin Jiwei, Bo Yibo, Song Renqiong, Wang Zhen, Xi Zhongxun, Wei Guoqing, Peng Chong, Ngapoi Ngawang Jigme, Banqen Erdini Qoigyi Gyancaín, Seypidin Aizezi, Ye Fei, Liao Hansheng, Chen Muhua, and others. The election of these comrades to the forthcoming National People's Congress is of great significance in further enhancing the capability of the NPC in tackling political issues and in vigorously exercising its functions and duties.

It was learned that the responsible persons of various democratic parties and some mass organizations were also elected to the 7th NPC. They include Zhu Xuefan, vice chairman of the 6th NPC Standing Committee and chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang; Zhou Gucheng, vice chairman of the 6th NPC Standing Committee and chairman of the Central Committee of the Chinese Peasants and Workers Democratic Party; Yan Jici, vice chairman of the 6th NPC Standing Committee and chairman of the Central Committee of the Jiusan Society; Rong Yiren, vice chairman of the 6th NPC Standing Committee and vice chairman of the All-China Federation of Industry and Commerce; Fei Xiaotong, vice chairman of the 6th National CPPCC Committee and chairman of the Central Committee of the China

Democratic League; and Lei Jieqiong, vice chairman of the 6th National CPPCC Committee and chairman of the Central Committee of the the China Association for Promoting Democracy. Also among them were Peng Qingyuan, vice chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang; Tao Dayong, vice chairman of the Central Committee of the China Democratic League; Chairman Sun Qimeng and Vice Chairmen Pu Jiexiu and Chen Suiheng of the Central Committee of the China Democratic National Construction Association; Chen Shunli, vice chairman of the Central Committee of the China Association for Promoting Democracy; Zhang Shiming, vice chairman of the Central Committee of the Chinese Peasants and Workers' Democratic Party; Vice Chairmen Wu Chan and Dong Yinchu of the Central Committee of the China Zhi Gong Dang; Hao Yichun, vice chairman of the Central Committee of the Jiusan Society; Cai Zimin, member of the Presidium of the General Office of the Taiwan Democratic Self-Government League; Liu Nianzhi, vice chairman of the All-China Federation of Industry and Commerce; Ni Zhifu, president of the All-China Federation of Trade Unions; Liu Yandong, secretary of the Secretariat of the Central Committee of the Communist Youth League of China; Wang Shuxian, secretary of the Secretariat of the All-China Women's Federation; Lin Liyun, president of the All-China Federation of Taiwan Compatriots; Zhang Guoji, president of the All-China Federation of Returned Overseas Chinese; and others. This will be of great significance in improving the system of multi-party cooperation under the leadership of the Communist Party of China, and in bringing into full play the role of democratic parties in carrying out political activities in the country and the role of the various mass organizations in maintaining close ties with the masses.

Train Accident Reviewed

OW101444 Beijing XINHUA Domestic Service
in Chinese 0901 GMT 10 Mar 88

[Text] Beijing, 10 Mar (XINHUA)—At the request of the State Council, State Councillor Zhang Jingfu made a report to the NPC Standing Committee this morning on the overturn of express passenger train No 80 on the Kunming-Shanghai railway line and the handling of this accident.

Zhang Jingfu said: Train No 80 was an express passenger train from Kunming to Shanghai, composed of 15 cars, drawn by an internal-combustion-engine locomotive. The train overturned at about 0122 on 24 January, when running between the Qiewu and Dengjiacun stations on the Guiyang-Kunming section of the railway line. The second to the seventh cars behind the locomotive overturned and fell on the outer side of the railway track. All cars from the 8th to the 13th derailed. A pair of wheels of the 14th car also derailed. Only the 15th car was in the normal position. The locomotive and the baggage car right behind it still ran a certain distance after they had been detached from the other cars. This accident killed

88 people and seriously injured 62. It completely destroyed seven passenger cars and badly damaged two hard-seat passenger cars. Two other hard-seat passenger cars were damaged to some extent, and another hard-seat passenger car, the baggage car, and the postal car were slightly damaged. The accident also caused damage to 225 meters of the railway line, destroying 20 pieces of rails and 460 cross-ties. After rush repairs, the railway line was reopened to traffic at 2155 on 25 January. The normal railway operations were interrupted for 44 hours and 33 minutes. The accident, which was a rare one since the founding of the People's Republic, caused great losses in terms of the people's lives and property and drew much concern from various communities both at home and abroad.

Zhang Jingfu said: The State Council paid great attention to the overturn of express train No 80 on the Kunming-Shanghai railway line. Acting Premier Li Peng immediately gave four instructions: 1) all-out efforts be made to do the rescue work and to properly deal with the aftermath of this accident; 2) assistance be given by PLA units and public security police to maintain order on the spot; 3) railway operations be resumed as quickly as possible; and 4) an accident-handling group be formed to take charge of dealing with the aftermath of the accident. Later, Chen Junsheng, secretary general of the State Council, was sent to the spot to coordinate the work and express sympathy with the injured. Taking the whole situation into consideration, Yunnan and Guizhou Provinces and the Chengdu Military Region made concerted efforts and did a lot of work in organizing the rescue task. Commanders and fighters of the PLA, Armed Police Force, and public security units played their role as the main force and shock teams in the rescue work. Cadres of local organs as well as staff members and workers of enterprises, medical personnel, and peasants in the locality all vied to plunge into the rescue and aftermath-handling work, demonstrating the lofty style that when one place is in difficulty, help comes from all sides. Thanks to the efforts made by all, the work of dealing with the aftermath of the accident was done smoothly.

He said: On 26 January, an executive meeting of the State Council heard a report on this serious traffic accident, and decided to appoint the National Production Safety Commission as the investigation committee for investigating into the causes of the accident and liabilities of people involved. In order to properly carry out investigative work, an investigation group has been set up by 27 people from the State Economic Commission, the State Machine-Building Industry Commission, the Ministry of Labor and Personnel, the Ministry of Public Security, the Ministry of Supervision, the Ministry of Railways, the All-China Federation of Trade Unions, Yunnan Province the Railway Engineering Institute, Beifang Jiaotong University, the No 2 Design Institute of the Railway Ministry, the Chengdu Railway Bureau, the Shanghai Electric Cable Corporation, and the Shanghai Steel Research Center. The investigation

group went to the accident site to carefully examine local geographical features and landforms and damage to railroad cars, contact wires, and other objects. In Kunming and Shuicheng, the group heard a report by units concerned and their opinions on the accident and they watched some video tapes on the accident. The group also questioned some injured passengers and workers who were on the train about things before and after the accident. In addition, the group sent investigators to Shanghai to question some of the accident train's workers and gather evidence. They had a discussion with specialists from railway design departments.

Zhang Jingfu said: In the spirit of respecting the facts and scientific principles, the group has conducted a careful study, and unanimously agreed that the accident was neither a sabotage or an unpreventable natural disaster, but an accident caused by negligence.

He said: The group is divided over the causes of the accident. The first opinion, held by the majority of the group members, is that the accident was due to excessive speed and a powerful resistant force. The second opinion, held by a smaller number of the group's members, is that the derailment was caused by the snapping of an electrical contact wire which was installed, but not inspected and accepted, in the locomotive.

In order to determine the exact causes of the accident, the State Council has decided to conduct a further investigation.

Zhang Jingfu said: The accident of the Kunming-Shanghai Special Express 80 is a rare case in the Republic's history. The accident exposed the poor infrastructural work and lax discipline of railway departments. It showed that these departments are loosely organized and poorly managed, have not properly followed established regulations, have not strictly handled violations of regulations, and that their workers are poorly trained. These are the fundamental causes of the accident. On 5 March, an executive meeting of the State Council heard a report on the investigation of the derailment of the special passenger express 80, and had a serious discussion of the case. The meeting held that, although further investigations are required before one can be certain about the specific causes, the opinions in many quarters are unanimous that this accident was caused by dereliction of duty and therefore, action can be taken on this basis against the leading personnel responsible. After the accident, Railway Minister Ding Guangen on many occasions took responsibility for it and asked to be punished. At the meeting, he once again made self-criticism, took the blame, and offered to resign. After discussing the matter, the meeting decided to accept Ding Guangen's resignation from the post of railways minister in order to enforce administrative discipline and educate the cadres. The NPC Standing Committee is hereby requested to examine the case and adopt a decision on it.

Zhang Jingfu said: The State Council feels this tragedy offers a painful lesson, and railway and other departments should take a warning from it.

1. Safety must come first in railway transport. Safety work should be combined with the system of full responsibility in railway operations to enforce strict management and vigorously carry it out. Leading cadres at all levels in the railway departments must focus their energy on production safety and constantly inspect the implementation of safety measures. Every worker should be made fully aware of the need to act as the master of the country and have a sense of total responsibility to the state and the people. He must strictly observe labor discipline, resolutely practice the personal responsibility system, and be scrupulous about every detail in following all operational procedures and implementing all rules and regulations. Stern action must be taken against anyone whose dereliction of duty, or whose command or operation in violation of regulations, causes serious accidents resulting in death and injury.

2. Quality among the ranks of workers must be improved. Currently, it is necessary to pay attention to their training in basic work and basic skills. All locomotive engineers and heads of train crews must go through a strict skills test, and if they fail the test, they must be transferred from their posts. All newly recruited workers should undergo necessary technical training and safety education. Before they are assigned an operations post, they should first go through an apprenticeship and pass a test.

3. A general inspection of technical safety must be conducted on a broad scale. All facilities that endanger train operations must be repaired immediately. The inspection should cover the implementation of the production safety responsibility system, safety and preventive measures, technical aspects of equipment safety, and hidden dangers for possible accidents. Efforts should be made to ensure the quality of the manufacture and repair of various technical railway equipment.

4. With quite a heavy work load on their shoulders, train inspectors and attendant crews are now working harder than ever. Leaders at all levels in railway departments must be concerned about and seek to improve the living standards of train crews. They should exert efforts to see that apartments and canteens of train crews are well maintained and managed and gradually improve their livelihood on the basis of developing production.

5. All other departments and trades should also pay utmost attention to the issue of safety. They should learn lessons and take a warning from this accident. In particular, public utility units and electricity, gas, oil, chemical, and metallurgical industry departments should give first priority to production safety so as to eliminate any hidden trouble and prevent any kind of accident.

Details of Plane Crash

10657 Beijing XINHUA Domestic Service
Chinese 1119 GMT 10 Mar 88

Beijing, 10 Mar (XINHUA)—Entrusted by the State Council, State Councillor Zhang Jingfu today made a report to a meeting of the NPC Standing Committee on the January crash of an Ilyushin-18 plane No 222 and the handling of the plane crash.

Said: An Ilyushin-18 plane No 222 of the Southeast Airlines flew a scheduled flight from Beijing to Chongqing on 18 January 1988. The airliner, which took off from Beijing at 1805, was expected to arrive at Chongqing City's Baishiyi Airport at 2158. Two hours and 42 minutes after taking off from Beijing, the plane was approaching Hechuan and functioning normally. At 2115, the flight crew reported the breakdown of the plane's fourth engine and requested that the plane be permitted to fly over Baishiyi Airport and to land in Chongqing. Two minutes later, the flight crew requested that the plane be permitted to land in Chongqing because it had become difficult to control. Around 2157, the fourth engine of the airliner fell off and landed 34 meters from Baishiyi Airport. Following this, the flight crew kept reporting that the plane was wobbling and uncontrollable. Because it could no longer maintain altitude, the plane crashed into a hillside, killing all 98 passengers and 10 crew members on board.

Zhang Jingfu said: The State Council has taken this accident very seriously. Acting Premier Li Peng stressed out: It is the rarest and most extraordinarily serious accident in civil aviation that has occurred in recent years. We must seriously investigate and handle the accident, sum up our experiences in this regard, draw lessons from it, and properly deal with the problems arising from the accident. At the same time, acting Premier Li Peng called for Chongqing City to assist the Civil Aviation Administration in dealing with the problems arising from the crash. He also immediately sent Shuming, deputy secretary general of the State Council, and responsible comrades of civil aviation, public security, and other concerned departments to the scene to deal with the aftermath of the crash. After the crash, leading comrades of Chongqing City and departments concerned immediately rushed to the scene and called out more than 100 medical personnel to check on one of those who were killed in the crash. They found no survivors. More than 1,300 public security forces, armed police, and members of locally stationed units protected the scene and participated in the search for the bodies of those killed in the crash, the left by them, and the wreckage of the airliner. Despite dirt, cold, and fatigue, those comrades worked day and night in muddy water. By 21 January at 2300, all the bodies of the 108 persons killed in the crash had been recovered. Chongqing City sent more than 60 surgeons and undertakers tidy up the victims. After 8 days and many nights of hard work by comrades from civil aviation, public security, and medical departments as well

as by personnel of funeral parlors, the work of handling the bodies of the victims basically came to an end on 30 January. Thanks to the efforts by various departments, problems arising from the crash were dealt with rather smoothly.

He said: After hearing a report on the crash of airplane No 222, the executive meeting of the State Council decided to appoint the National Committee for Safety in Production as the committee to investigate the accident and determine its cause. After that, an accident investigation group was formed by the Ministry of Labor and Personnel, the Civil Aviation Administration of China, the State Economic Commission, the Ministry of Supervision, the Ministry of Public Security, the All-China Federation of Trade Unions, the Society of Science and Technology for Labor Protection in China and the city of Chongqing, a group of experts formed by engineers and technical personnel from civil aviation and air force units, the Ministry of Aviation Industry, the Beijing College of Aeronautics and other units. The groups visited the site where the plane crashed and the maintenance unit where maintenance work for the airplane No 222 was done to conduct detailed investigations.

He said: The investigation group carefully studied and analyzed the debris of the airplane, data from the flight recorder, recordings of air-to-ground conversations, photographs, video tapes, technical documents, lab results and recorded testimony by various witnesses. It was on this basis that the investigation group concluded that this crash was not caused by any man-made sabotage or inevitable natural disaster. It was caused by the malfunction and burning of the starter motor of the No 4 engine, which caused the engine to burn and fall off.

Zhang Jingfu said: On 5 March, the State Council executive meeting heard reports on the results of the investigation and earnestly debated the issues. The meeting held that the plane crash is attributed to negligence and that actions should be taken against those leaders who are held responsible for the mishaps. After the accident, Hu Yizhou, director of the Civil Aviation Administration of China, had repeatedly acknowledged his responsibility over the mishap and requested that disciplinary actions be taken against him. At the meeting, he once again made self-criticism. In order to enforce discipline and educate the cadres, the State Council decided to give Comrade Hu Yizhou the penalty of recording a serious mistake.

Zhang Jingfu said: The State Council pointed out that following the rapid developments in civil aviation in China in recent years, we are unable to completely meet the requirements in certain aspects. This accident was caused by mechanical trouble. The civil aviation and other departments concerned must draw lessons from this mishap and adopt effective measures to ensure aviation safety.

Discuss Traffic Safety

OW111337 Beijing XINHUA in English 1313 GMT
11 Mar 88

[Text] Beijing, March 11 (XINHUA)—Traffic safety hinges on overcoming bureaucracy, China's senior legislators said here today.

Participants to the on-going 25th meeting of the Standing Committee of the Sixth National People's Congress felt bureaucracy was a major reason for the recent serious transportation accidents in China including the January 18 plane crash which claimed 108 lives and the January 24 train derailment which killed 88 people.

Some committee members blamed the accidents on negligence and lax discipline among other factors.

"Bureaucracy has become an umbrella for those who are extremely irresponsible," committee member Xie Tieli said, adding there are more prizes than punishments, and over-light punishments at that.

Zong Yiren, committee vice-chairman, said the situation defies solution unless the present overstaffing and bureaucracy in the country's cadre system is overcome.

More traffic laws are urgently needed, members suggested, while an education campaign on safety should be launched to foster among workers the idea "safety first."

Yang Shangkun Expected as New PRC President
OW110235 Tokyo KYODO in English 0219 GMT
11 Mar 88

[Text] Beijing, March 11 KYODO—Yang Shangkun, vice chairman of the Central Military Commission of the Chinese Communist Party, is being tapped to succeed President Li Xiannian at the forthcoming session of China's parliament, the National People's Congress.

The speculation follows a Radio Beijing report Thursday night which reported names of party and government leaders who will attend the parliament session, scheduled to be held from March 25.

The leaders' names, reported by the radio as deputies at the parliament session, did not include those of Li and Peng Zhen, parliament chairman.

A report earlier this week said Li may leave the presidency and become the chairman of the Chinese People's Political Consultative Conference, a united popular front organization.

Vice Premier Wan Li, whose name was also reported by the radio as a parliament deputy, is being mentioned here as a likely new parliament chairman.

Among senior leaders reported as parliament deputies were party General Secretary Zhao Ziyang, senior leader Deng Xiaoping, acting Premier Li Peng, party Politburo members Qiao Shi, Li Ruihuan and Hu Yaobang and party Secretariat member Hu Qili.

The official XINHUA NEWS AGENCY also reported Thursday that the total number of deputies at the forthcoming parliament congress will be 2,978, unchanged from the last congress last March.

Of the total, Communist Party members account for 66.8 percent compared with 62.5 percent at the last session.

Further Reportage on Events in Tibet

Lhasa Residents Discuss Riot

HK110758 Beijing ZHONGGUO XINWEN SHE
in Chinese 1499 GMT 9 Mar 88

[Report by Geng Jun (5105 6511): "Lhasa Citizens Speak About the Riot"]

[Text] Lhasa, 9 Mar (ZHONGGUO XINWEN SHE)—When a Tibetan grandmother was chanting sutra in front of the Potala Palace in the early morning this reporter walked toward her and asked: "What is your view on the 5 March riot?"

The Tibetan grandmother, who looked about 70 years old, replied while telling her beads: "The government spent a lot of money organizing the prayer ceremony and gave alms to lamas attending the ceremony, but some lamas besieged government officials and even assaulted benefactors. They really have no sense of shame."

Visiting a Tibetan family close to a clinic in Lhasa's Beijing Dong Street, this reporter was told by a middle-aged Tibetan woman: "On the evening of 5 March a horde of rioters rushed into a clinic run by doctor Li Xiaogui and his wife, who come from Bazhong County, Sichuan Province. The rioters threw all the medicine bottles out of windows and more than 30 cartons of medicine and two medicine cabinets were set afire in the street. Before leaving they looted the doctor's bike, washing machine, camera, and quilts, and even a piece of bacon and some polished glutinous rice which had been brought from the doctor's native place. Doctor Li sustained a loss of more than 25,000 yuan."

The middle-aged woman said angrily: "Doctor Li is very kind to his patients but those lamas and rioters did not spare such a good man. They once worshiped on bended knees before Sakyamuni but their atrocities were against religious rules and what they did had no sense of conscience."

In Bajiaojie Street, which was bustling with activity before the riot, half the shops have closed down and their window frames are protected with thick planks. An

everyday electrical appliances shopkeeper told this reporter: "The government should take strong measures against the saboteurs in the 5 March riot. Otherwise, our lives and property cannot be protected."

In front of Lhasa Middle School gate, this reporter happened to see students going home. When asked his view on the riot, a male Tibetan student said: "I hope the government will enforce the law strictly against the evildoers who participated in the riot and will not arrest them and then release them. If the government does not strike relentless blows at those bad men they will stop at nothing in their evildoing."

In the northern part of Lhasa City a number of Tibetan farmers and herdsmen who had come to Lhasa from different locations on a pilgrimage were staying in many makeshift tents. A middle-aged herdsman who had witnessed the 5 March riot told this reporter: "On the eve of the Tibetan New Year it was rumored that the prayer ceremony would not be held this year. After coming to Lhasa I found that the government had made tremendous efforts to organize the ceremony in an orderly way, but it was finally destroyed by a handful of lamas and rioters. Such an important religious activity and such an auspicious religious day were turned into a day of bloodshed by the handful of lamas and rioters. They are shameful. The government should resolutely send those lamas in monasteries who have violated religious rules and committed all kinds of outrages back to their native places."

In the "Sukang" residential compound where lamas from the Gandan Monastery were staying during the Lhasa prayer ceremony, some residents told this reporter: Just after the riot burst out on 5 March, more than a dozen lamas ran into rooms and dressed themselves up as civilians. Then they rushed to the top of the house and stoned policemen. The Tibetan residents said furiously: "These people are by no means real lamas and they are completely bad people hiding under the cassocks of Buddhist monks. They should be expelled from Buddhist monasteries because they love neither Buddhism nor the country."

Lamas from major monasteries in Lhasa are all residents of the city because they are registered in the local census record. In an interview with a 25-year-old lama in the Jokhang Monastery this reporter was led to the second and third floors of the monastery and discovered that there were many big holes in the monastery walls and that many doors and windows in monks' rooms were dismantled and smashed into sticks. The lama said: "On the morning of 5 March some lamas from the Gandan Monastery started tearing down the wall and used the stones to smash television transmission trucks. When I advised them not to do so they thrashed me with club. Followers of Buddhism destroyed their own monasteries, and such a great outrage is not tolerated by Buddha dharma."

When being interviewed, some Lhasa citizens requested that this reporter not reveal their names, and others refused to make any comment because they worried that the rioters would retaliate. Some shopkeepers who had been discontented with the troublemakers in the 1 October riot of last year were retaliated against by the rioters in the 5 March riot and even their shops were smashed.

Top Tibetans Denounce Rioters

OW101650 Beijing XINHUA in English 1554 GMT
10 Mar 88

[Text] Lhasa, March 10 (XINHUA)—A gathering of 100 top Tibetans today denounced separatists for staging a riot in Lhasa last week, and demanded justice against them.

Speaking at the meeting, Pagbalha Geleg Namgyai, vice-chairman of the Standing Committee of the Tibet Autonomous Regional People's Congress, said what the separatists did ran counter to the will of the Tibetan people.

Lhamin Soinam Lhunchub, vice-chairman of the CPPCC regional committee, said the March 5 riot was a continuation of two riots here last year and called it a planned political incident.

"We want lamas who abide by the law and concentrate their minds on scripture, rather than those who conduct evil doings under the guise of lama," said Dojenor, a returned overseas Tibetan and member of the CPPCC regional committee.

Comoinling Dandzim Chilai, vice-chairman of the Tibetan branch of the Chinese Buddhist Association, said that the riot carried no religious overtones. Nor did the separatists represent the broad masses of Tibetan Buddhists, he said.

Meanwhile, Lhasa residents this morning visited injured members of the Armed Police and policemen in hospital.

Social order in the Tibetan capital was normal. Buddhists prayed in front of Jokhang Temple and Bajiaojie Street downtown was crowded with people as usual.

In the suburbs, peasants were busy working in the fields.

Said Puncog Wangdui of the Xiangga village, "In my opinion, the real purpose of the rioters was to loot although they kept independence slogans on their lips."

No Knowledge of Japanese Arrest

OW110513 Tokyo KYODO in English 0500 GMT
11 Mar 88

[Text] Beijing, March 11, KYODO — An authoritative official of China's Tibet Autonomous Region said Friday he had no knowledge about the reported arrest of a Japanese male tourist in Lhasa on Thursday.

The official said that as far as he knew, no Japanese have been arrested, adding that the authorities were studying the report.

The unconfirmed report as disclosed by a Western source in Beijing Thursday who quoted a Japanese female tourist now in Lhasa as saying in a telephone interview that a Japanese man was arrested in the street in Lhasa and taken into custody.

The official of the Tibet Autonomous Region acknowledged that the authorities received an inquiry about the report from the Japanese Embassy in Beijing Friday morning.

As soon as the truth about the report is known, the authorities will make a reply to the embassy, the official said.

Thousands Mourn Policeman

OW111202 Beijing XINHUA in English 1138 GMT
11 Mar 88

[Text] Lhasa, March 11 (XINHUA)—Over 2,500 people gathered today to mourn a policeman who was killed in the Lhasa riot March 5.

The dead, Yuan Shisheng, 21, was native to Kangding County in Garze Tibetan Autonomous Prefecture, Sichuan Province. He joined the Armed Police Force in 1984 and served as a squad leader when he died.

Last Saturday, he was sent to keep order for the ending grand summons ceremony when scores of rioters cornered him and another policeman, Yang Yucheng, into a toilet in a building in front of the Jokhang Temple.

Then the rioters attacked the two and threw them out of the window Yuan died after he was rushed to the hospital. Yang survived by clinging to the window frame.

"We had no weapons, and had only a walkie-talkie in our hands," Yang told XINHUA.

Yuan's elder sisters joined the mourners and laid a wreath in his honor.

Top leaders of Tibet Autonomous Region attended the service.

Yuan was buried in the cemetery for the Revolutionary Martyrs in Lhasa.

Changes in Government Organs' Functions Urged
HK110818 Beijing JINGJI GUANLI in Chinese No 1,
1988, pp 46-47

[Article by Zhao Qingquan (6392 1987 2938) and Chen Wanji(7115 5502 0679): "A Discussion on the Functional Change of Government Organs"—edited by Huang Weilin (7806 0251 2651)]

[Text] Functional change is a must.

The reform of the economic system which focuses on cities has made remarkable progress in many aspects and a new economic system is beginning to emerge. This new situation requires that government organs make corresponding changes to their function of administering the economy. However, in reality, the present structure of government organs remains basically the same. There are many contradictions between their administrative function and the reform of the economic system. Government organs that are characterized by direct control over enterprises are obstructions to the autonomous and active operation of enterprises. In order for enterprises to be more dynamic, autonomous, and relatively independent economic entities, the government administration of enterprises must be streamlined and power must be delegated to others. To streamline administration and delegate power the government organs' traditional function of economic administration must be changed. This is the key to overcoming the present obstacles to the reform of the economic system.

How to reform government organs by changing their functions as the central link?

We envisage the following:

1. Economic comprehensive, regulatory, and supervisory departments should be strengthened and perfected. Specialized management departments should be streamlined, merged, and reorganized. Conditions should gradually be created for enterprises so that they will not be directly controlled by specialized offices, bureaus, and administrative companies. Rather, they should be administered and supervised by comprehensive administrative departments and economic regulatory and supervisory departments. Therefore, the power of economic regulatory and supervisory departments should be substantiated and strengthened in terms of taxation, auditing, finance, pricing, labor wages, statistics, business management, economic legislation, and judicial administration. The regulatory and supervisory functions of these departments should be strengthened.

Specialized administrative departments should keep only the function of administering the trade. At present, specialized government administrative departments have five kinds of functions: administration of work with the party and the masses, social work administration (including birth control, public security, tree-planting, etc.), enterprise operation, comprehensive economic

administration (such as finance, pricing, statistics, etc.), and partial administration of trades. With the change in their functions, they should only keep the function of enterprise administration. The other four should be shifted elsewhere. The administration of work with the party and the masses can be shifted to the district or county in which the enterprise is located. (Large scale joint enterprises can be shifted to the city, and small scale enterprises can be shifted to the town or street where they are located.) This will be in line with the principle of assigning party organs under the leadership of the local area. The function of social work administration can be shifted to the district of a city (or town, or street) where the enterprise is located. The function of comprehensive economic administration can be shifted to corresponding comprehensive departments. The function of enterprise operation can be returned to the enterprise. Shortcomings should be addressed, such as the setting up of too many specialized administrative departments, too much division of labor, the hindrance of the administrative function by the form of ownership, and fragmentation. There should be a gradual transition toward direct management of major trades by themselves, and implementation of uniform management of industries under the systems of ownership by the whole people and collective ownership, and departments. There should also be uniform management of business run by the state, the collective, and the individual, and servicing trades.

2. Regulate and set up administrative organs according to the requirements of functional change. There are basically two models of new administrative organs. One is to cancel present specialized managerial departments and set up corresponding offices for appropriate trades in the economic committee and economic planning committee. These offices will take up some of the managerial function of the original specialized managerial departments and gradually lead to management of the entire trade. The other is to close all existing specialized departments and set up new divisions according to major trades. A number of committees can be set up, such as industrial committees, commercial committees, agricultural committees, construction committees, foreign committees, etc. Offices with overlapping functions should be eliminated, redundant administrative work should be cut, and work procedures should be simplified. There should be no middle man between the government and departments. Affiliate organizations should not be set up and administrative companies that represent all kinds of integration of government administration with enterprises should be eliminated.

3. With the change of the function of economic management, corresponding measures should be taken to regulate and expand the managerial power of the city district government and strengthen the social service function of the city district. According to surveys, city district governments are either powerless or have only partial functions over taxation, business administration, city construction, city management, commerce, culture and

education, health, and collective economic management. This affects the use of overall city functions. Based on the principle of uniform leadership and management at each level, power should be delegated to districts. City districts should be zoned according to the district and level of management and service required. Power in decisionmaking and management over environmental health, tree-planting and parks, streets inside districts, commercial food services, and business administration, should be delegated to the district, so that the district can have top-level financial management and top-level government functions.

4. Gradually realize the socialization of partial government managerial function and rear service of enterprises. Social economic groups and enterprises that deal with public services should be allowed to keep separate accounts and assume sole responsibility over their profits and losses. The task of providing information, answering inquiries, and providing a basis for decision-making for the government can be assigned to these organizations. Child care centers, kindergartens, schools, and hospitals for enterprises can be operated by these organizations. This will favor the change of government functions as well as reduce the economic burden of enterprises.

In the process of changing functions, the responsibilities of all departments should be legally defined. For example, measures should be taken to form organizations, establish laws, systematically define the scope (grade) of each level of organization, work out the capacity of staff members and the number of leading cadres and the total amount of wages, etc. The law should be strictly adhered to. The phenomena of confusion over the setting up of administrative organizations, unclear responsibilities and division of labor, disputes, and discrepancies among duties, responsibilities, and power should be changed.

At present, many links in the overall economy have not basically departed from the mode of direct management of enterprises according to the product economy. Items of capital construction and technological reform are examined and approved by one level of administrative department after another. In theory the allocation of capital for investment is changed to lending of capital, but in practice the loan quota is allocated according to decisions made by one level of administrative department after another. Important means of production are still in the hands of departments in charge. The energy of each level of government is still spent on setting the quotas, approving items, and allocating money and material resources. Enterprises still have to rely on the "mother-in-law"—the government department. They have to think of the "mother-in-law" and look out for her. The "mother-in-law" has become the pillar that enterprises lean on. This demonstrates that changing functions requires the availability of material resources. The problems of capital and material resources that enterprises encounter must be gradually resolved through the development and perfection of production

factors. Otherwise the functional change of government organs can only be futile talk. Therefore, the first task is to reform the system of material resources management and actively develop the market of means of production. Each level of administrative department should not directly handle the distribution of raw materials and products. Material resources bureaus at each level uniformly organize the circulation of means of production for material resources departments at its own level, and organize and manage the material resources market.

Specialized companies presently under the material resources bureau now should no longer be under it. They should become economic bodies with separate accounts that assume sole responsibility over their profits and losses and have a legal identity. The material resources bureau is responsible for setting targets, guiding and supervising auditing and operations, and entrusting these economic entities to complete plans to supply material resources. All organizations for the supply and marketing of material resources under industrial management departments should also be changed to economic entities that assume sole responsibility for their profits and losses and have a legal identity. They should be coordinated and guided by the material resources bureau in their business activities. After the reform, material resources companies and organizations for the supply and marketing of material resources will hand over their administrative function to responsible government departments. The relationship between the companies and enterprises should no longer be superior and inferior. They should be economic partners. The planning department should issue directive plans on material resources to enterprises. These directive plans should no longer be issued through one level after another of administrative departments. In the supply of material resources, production and marketing should be as closely related to each other as possible. Unnecessary handling by middle men should be reduced as much as possible. Material resources required beyond the plans should be selectively purchased by enterprises. Purchasing should be based on the principle of mutual benefits between production and marketing enterprises, and a stable relationship of goods supply should be established. While relaxing on material resources beyond the plans, channels must be sought to introduce material resources within plans to the market, and important markets for means of production such as steel, timber, and cement should be developed. Multiple forms of trading markets for means of production should be developed and a widespread network of buying and selling of means of production should gradually be formed. Next, the finance system must be reformed and a financial market must be actively developed. With the national bank as the main body, a monetary circulation network with multiple levels and channels should be developed. Various kinds of credit organizations should be set up that will experiment with many kinds of crediting. Markets

for short term capital should be improved. Money and securities markets should be set up. Capital should be supplied in many forms to enterprises for their independent operation.

Last, change in concept is the key to functional change. The concepts of centralization of power and of departments is a reflection of the old economic system in people's minds. In this traditional concept, power is centralized, not shared, administrative intervention is employed to manage the economy, and economic means and the function of economic levers are neglected. Decisionmaking power and business management power of enterprises are centralized in party and government organizations, or even a handful of government departments. Problems are dealt with from the consideration of departments' benefits. Departments stress that enterprises must obey them. The concept of service is weak. Enterprises are seen as possessions of departments. Each department cares for its own business only and work for its own self interest. They run "large but complete" and "small but complete" organizations. There is little coordination and mutual help between one another. during the transition between the old and new systems, we must depart from these outdated concepts which no longer suit the new situation and are unfavorable to reform. We must also profoundly understand the necessity of changing the functions of government organizations. Most of the energy of government economic management departments spent on setting targets, approving items, and distributing capital and material resources should gradually be shifted to improving coordinated planning, grasping policies, synthesizing and balancing, coordination, and supervision.

Leaders Address Science, Technology Meeting

Fang Yi on Management
*OW101413 Beijing XINHUA Domestic Service
in Chinese 1309 GMT 8 Mar 88*

[Text] State Councillor Fang Yi pointed out at the national science and technology conference today that years of reform and opening to the outside world have made Chinese scientists and technicians able to develop their talents. However, the old systems that seriously hamper or inhibit their abilities and wisdom are far from being eradicated. The key to expediting advances in science and technology lies in implementing a policy of more relaxed and flexible management of scientists and technicians and in creating more opportunities for people to develop their talents.

He said: New China has trained a large contingent of its own scientists and technicians. China now has 18 million professional scientists and technicians, of whom 8.68 million specialize in natural science. This contingent compares favorably to that in developing nations in

terms of size and quality, and is in a position to challenge developed nations. However, its achievements thus far do not correspond with its potential. The crux of the problem lies in the system.

Fang Yi stressed that we must endeavour to carry out three tasks to enable the vast number of scientists and technicians to not only bring their ability into full play, but also to have their talent put to full use.

First of all, we should create an environment which encourages more competition among scientists and technicians. We should not only let them participate in technology competition through public bidding and contract systems, but also encourage some of them to set up their own undertakings and become entrepreneurs of the new generation who know not only science and technology but also management, and who can distinguish themselves in international competition.

Second, we should promote social ethics which respect knowledge and talent, and we should use these ethics to guide our conduct in every aspect of work. We should act strictly according to scientific principles and create an environment and climate with a high degree of democracy and academic freedom so that scientists and technicians will seek scientific truth without fear. Science and technology, economic, labor and personnel, industrial and commercial, taxation, auditing, and judicial departments should actively support scientists and technicians to move rationally, to properly take part-time jobs, and to participate in contractual business in rural areas.

Third, we should strengthen the laws governing science and technology and institutionalize the training, selection, and employment of scientists and technicians. Legislation regarding the management of scientists and technicians as well as intellectual work should be placed on the agenda. In addition, we should expedite the establishment of a system governing the recruitment, employment, part-time service, resignation, and flow of scientists and technicians. We should also establish a system governing rewards, medals, and honorary titles as well as a job assignment system so as to adequately protect the legitimate rights of scientists and technicians.

Song Jian on Progress

OW101341 Beijing XINHUA Domestic Service
in Chinese 1258 GMT 8 March 88

[By reporters Zhuo Peirong and Zhang Jimin]

[Text] Beijing, 8 Mar (XINHUA)—The primary task of China's science and technology circles at present and in the future is to accelerate and deepen reform of the science and technology system and speed up economic development and scientific and technological progress through reform.

Song Jian, state councillor and minister in charge of the State Science and Technology Commission, urged the nation's science and technology circles to attend to this task at a national science and technology work conference which opened today. He said: The major reform to be initiated in the future is, in addition to carrying out various measures that have been announced, to properly carry out work in 10 areas.

We should extensively institute the contract responsibility system in business management at research institutes engaged in technological development and applied work. These research institutes may adopt this system at various levels. They may try out the system on the basis of a fixed number of employees, a fixed organizational size, and a fixed total amount of wages. That means that the total amount of wages should not be increased or reduced when extra workers are added or when workers are removed. Research institutes and enterprises may contract each other's work, lease themselves to others, buy each other's shares, or sell their property rights. Research institutes, which are poorly managed or have low operating efficiency, may through open competition invite new managers or through merging with other institutes transfer their property rights.

We encourage and support research institutes and institutes of higher learning to directly enter into the economic sector in various forms, establish and develop new types of scientific research-production undertakings catering to domestic and overseas markets, and set up credit financing and investment organizations aimed at promoting the transformation of scientific research results into commodities. In addition, scientific research institutes should be given more power in dealing with foreign organizations, and granted preferential treatment in exporting their products and technologies.

Government departments should delegate more decisionmaking power to research institutes so that they can be more independent, open, and competitive. Science research institutes and institutes of higher learning are encouraged to cooperate with enterprises of different industries, in different localities, and under the administration of different government departments. We encourage the establishment of production and business undertakings which closely integrate scientific research and design, technology and equipment, and manufacturing and application.

We support and encourage the development of science and technology organizations under all kinds of ownership, whether they be collective, private, or individually owned. Private science and technology organizations are encouraged to raise funds by themselves, make their own management decisions, take care of their own profits and losses, and make the most of their market-oriented and technology-based operation methods.

Science and technology workers should be given the opportunity to give full play to their talents, and their experience in economic contracting and doing part-time work for grass-root government departments should be popularized.

Where conditions permit, science and technology workers should be further encouraged to engage in economic development projects. At the same time, we should seek sweeping reform of the science-technology workers management system. In some cities, we should introduce on a trial basis an employment system which empowers personnel departments to employ and dismiss workers, and gives science and technology workers the right to accept appointments or resign.

We must not neglect to cultivate science and technology workers and specialized technical workers from among ordinary workers, peasants, and laborers in other fields. We should institute step by step a worker-technician job system and experiment on a system which requires rural enterprises to appoint workers with various technical skills.

Reform of the enterprise management system must be made in a way which makes an enterprise's development more dependent on technological progress, and directly links business operators' or producers' interests to technological progress. Technological development projects may be contracted as one phase of an operation, or as an entire project including development, trial production, production, and marketing to be contracted as a package. The problem of underpaid science and technology workers in enterprises should be solved by having the latter adopt more flexible policies and encouraging them to make greater contributions.

Technology promotion organizations in rural areas are encouraged to develop into independent technology-agriculture-trade undertakings. We should also encourage in the rural areas the development of specialized cooperative organizations, technology associations, and technology promotion centers run by villages, single households, or jointly run by a number of households. Peasants are encouraged to set up agrotechnological service organizations or economic undertakings of various types of ownership by raising the necessary funds or issuing shares.

We should mobilize all sectors of society to increase investment in scientific and technological development, and use tax revenues, credit loans, and other economic means to more closely link scientific and technological and economic development.

Li Peng Gives Closing Address

OW110930 Beijing XINHUA Domestic Service
in Chinese 1302 GMT 10 Mar 88

[By RENMIN RIBAO reporter Yang Lianghua and XINHUA reporters Zhang Jimin and Zhuo Peirong]

[Text] Beijing, 10 Mar (XINHUA)—Zhao Ziyang, general secretary of the CPC Central Committee; Li Peng, member of the Standing Committee of the CPC Central

Committee Political Bureau and acting premier of the State Council; Hu Qili, member of the Standing Committee of the CPC Central Committee Political Bureau; and other leading comrades this afternoon met at Zhongnanhai's Huairan Hall with all the delegates attending a national conference on science and technology.

Zhao Ziyang warmly wished them new success in deepening reform in science and technology. Together with other leaders, he had a group picture taken with the delegates to mark the occasion.

The 3-day national conference on science and technology thus came to a successful conclusion with this meeting. At the closing ceremony of the conference, Li Peng delivered a speech entitled "Make a Greater Contribution to Invigorating the Economy by Making Full Use of Favorable Conditions in Science and Technology." In appraising the conference, he said it would certainly play an important role in implementing the guidelines of the 13th party congress, accelerating and deepening reform, promoting the all-round application of science and technology in the economy, and bringing about technological progress in the national economy. Then, he made an important speech on how to strengthen leadership over scientific and technological work, make full use of favorable conditions in science and technology, deepen the reform of the science and technology management system, and give full play to the role of scientists and technicians to enable them to contribute more to economic construction.

Li Peng pointed out: If we failed to pay close attention to scientific and technological progress, if we failed to double our efforts in this regard, we would fall farther and farther behind developed countries. For this reason, people throughout the country, especially all scientists and technicians, should clearly understand the strategic position of scientific and technological progress in carrying out the arduous task of the four modernizations in our country and have a stronger sense of urgency in this regard.

He said: The 13th party congress called for attaching primary importance to the development of science and technology in the strategy for economic development. Now, unlike in the past, great importance is being attached to scientific and technological progress by proceeding from the whole cause of socialist modernization.

He stressed: The international economic structure is now in a period of readjustment, and the development of the situation is very favorable to our country. We should seize this opportunity to combine our favorable conditions in science and technology with those of labor in coastal areas; combine our favorable technological conditions with the flexible structure of village and town enterprises; and develop labor-intensive industries as well as industries that are both labor- and knowledge-intensive. First of all, we should enable coastal areas to

get involved in international exchange and gradually promote economic development and the improvement of economic results in inland areas.

Commenting on expediting the restructuring of science and technology management, Li Peng said: The main objective is to integrate science and technology with economic construction, and this requires us to attend to the key issue—restructuring the operating mechanisms. We should continue to set up foundations and develop the technological market by inviting bids for contracts undertaking technical projects. In the course of technological development, we should be able to produce goods of commodity quality, so that we can accept the challenge of market competition. While continuing to support and intensify basic and applied research, we should introduce the competitive mechanism into such research. Scientific research units should also gradually institute a contract system under which the actual benefits of research units and researchers will be hooked up with economic returns and social benefits they create. We should also resort to other measures which can be integrated with economic work—such as undertaking enterprises' development projects, introducing research results into enterprises, setting up associations of scientific research and enterprises, and setting up technology-industry-trade or technology-agriculture-trade associations, in which science and technology play the leading role. Once we have had a good system in which scientists and technicians can give full scope to their talents and potential, China's scientific and technological development will be even faster and its economic construction will achieve even greater success.

Li Peng said: To give fuller scope to the role of scientists and technicians, we should have a political environment that is democratic and can rally scientists and technicians. We should gradually improve their working and living conditions and continue to encourage people in society to respect knowledge and proficient personnel so that scientists and technicians can work with ease of mind. We should continue to ease the control of scientists and technicians. When scientists and technicians find their capabilities cannot be used in the units where they work, they should be encouraged to flow to where they are needed.

In conclusion, Li Peng urged governments at all levels to consider science and technology the most important aspects in the strategy for economic development, saying that all measures for administrative and economic reforms should facilitate scientific and technological development. He said: All plans and measures drafted by government departments at various levels for promoting economic and social development should also facilitate scientific and technological advancement and development.

He added: Governments at all levels, all trades and professions, enterprises, and rural areas, should gradually increase their investment in scientific and technological development. Banking and other financial institutions should support the kind of scientific and

technological projects that can yield economic results, and they increase the investment in technologically advanced enterprises.

Also present at this afternoon's meeting and closing ceremony of the National Conference on Science and Technology were Wen Jiabao, alternate secretary of the Secretariat of the CPC Central Committee; Zhang Jingfu and Fang Yi, state councillors; Song Jian, state councillor and minister in charge of the State Science and Technology Commission; and leading members of various ministries and commissions of the State Council and departments in charge of scientific and technological affairs in various provinces, autonomous regions, and municipalities directly under the central government.

Su Article 'Important Sign' for Intellectuals
HK110601 Hong Kong ZHONGGUO TONGXUN SHE
in Chinese 1100 GMT 9 Mar 88

[Article by Yi Lan (0122 5663): "Renovation of the Ruling Party Is the Core of Reform—Theorist Su Shaozhi Advances New Views"]

[Excerpts] "The primary key to political structural reform lies in the separation of party and government functions." Well-known PRC theorist Su Shaozhi recently wrote an article on this conclusion drawn by the political report delivered at the 13th CPC National Congress, and further expanded on it by writing that "the renovation and changes in the ruling party itself constitute the core of political structural reform."

Su Shaozhi was formerly director of the Marxism-Leninism Research Institute under the Academy of Social Sciences. He was dismissed from this post during the "anti-bourgeois liberalization" last year. On 5 March, Su Shaozhi and Wang Yizhou, a research graduate working under his direction, published an article in RENMIN RIBAO entitled "Two Historic Tasks of Reforms." This article elaborated on many new viewpoints.

That a previously purged theorist is given a fresh chance to speak out in the central party newspaper is an important sign, and still more interesting are his profound expositions on economic and political reform. It can be said that this is the newest and most original article written since Zhao Ziyang advocated "further emancipation of the mind" at the beginning of the year. [passage omitted]

The publication of Su Shaozhi's article shows that the CPC is allowing people more freedom to air their views, and it also illustrates a good phenomenon among theorists on the mainland: In putting forward theories on reform, theorists are carrying out exploration based on the realities of Chinese society rather than simply quoting the Marxist-Leninist classics.

Article Discusses Lei Yu, Bu Xinheng
*HK101449 Beijing LIAOWANG in Chinese No 8-9,
22 Feb 88 p 53*

[Article by Zhong Huai (6988 2037): "Lei Yu and Bu Xinheng"]

[Text] It was a coincidence that on 15 January, the very day that Lei Yu was appointed Guangzhou deputy mayor, Bu Xinheng was removed from his posts of Haiyan Second Light Industrial Corporations vice manager, director to Haiyan General Shirt Factory, and party branch deputy secretary.

Both Lei Yu and Bu Xinheng were once in the limelight. The former became "famous" because of the "Hainan automobile incident," and the latter became the talk of town for the "Haiyan spirit." Today, they have once again become "hot spots" in public opinion because one of them has been appointed to a new post, while the other was removed from office.

The author of this article has had "the pleasure of coming across them." In the spring of 1985, while I was covering Hainan when the case of the Hainan automobile incident was under investigation and being dealt with, I had a long talk with Lei Yu. But I have never had the pleasure of actually meeting Bu Xinheng. It was when I read the report on the reform of the Haiyan General Shirt Factory and watched the TV series entitled "Offscreen Voice of a Woman Reporter" that I could not help writing a short essay in praise of Bu. Therefore, I have been rather concerned about the rise and fall of these two individuals in question.

Frankly, I was rather sorry about Lei Yu's ill fate. The mistake he committed was really grave, but it could not be denied that he was teeming with life and vitality and bent on reform. Cadres welcome promotion, but they should take demotion matter of factly, especially when they are demoted because of their mistakes. Should they be given a chance to come to the front again? Based on past experiences, that was considered unlikely, especially when it concerned a case that shocked the entire nation. The cadres thus involved would often be "kept in cold storage" for good. It was beyond my imagination that in less than 3 years, he would again be appointed to a rather important post. Readiness to accept a higher or lower post has two implications: Any promotion may follow a demotion; likewise, a demotion may be succeeded by a promotion. Those who have rendered meritorious services may be promoted, those who have committed mistakes should be removed from office, those who have failed to meet work requirements should also be demoted even when they are free of mistakes, and those who have committed mistakes but are capable of correcting them can also be promoted again. With such a constant shake-up, our cadre system will be free of turbidity, but full of vitality. If cadres are to be promoted only, but not to be demoted, and if they can always be transferred to other localities and remain in important

posts whenever they have committed mistakes, such a practice will never play the role of spurring "public servants" on. On the other hand, if the mistakes of any cadre are considered disastrous, and the cadres involved are never allowed to stand up again, neither will such a practice give play to the initiative of cadres. The current appointment of Lei Yu should be interpreted as progress in the implementation of our cadre policy.

As for Bu Xinheng, I do not regret having written an article in praise of him. His spirit of hacking his way through difficulties and his role of promoting urban economic structural reform in those days should be affirmed all the time. Now, the enterprise under his leadership has suffered serious losses, and its assets have failed to cover its debts. This involved mistakes in decisionmaking and problems in low management standards as well as his own problems of being conceited amidst praises and divorced from the masses. This accounts for why he was removed from office. Life tenure does not exist for reformers, and they should also be ready to accept promotion and demotion.

There are two points about which I have been concerned: First, will the phenomenon take place in which "everyone hits a man who is down"? Now, I feel quite at ease, reviewing some current reports. "It is simply normal to fail and to be removed from office. We hope that Director Bu will sum up his lessons and stage a comeback in a few years!" That is from a letter from a college student to Bu Xinheng. The student's attitude is representative. In treating someone who has made a slip in reform, the correct attitude is to give him a hand but not to trample on him. And second, will Bu Xinheng be dejected from now on? According to some reports, he was neither depressed nor considered the idea of washing his hands of reform. This has inspired me. Here I would like to quote a statement from Lei Yu for Bu Xinheng's reference. In his interview with Hong Kong's WEN WEI PO not long ago, Lei Yu said: "My best advantage is that I have committed mistakes. First, I will draw a lesson from my mistakes; second, I must be ready to accept promotion and demotion; and third, I am never lazy." True, mistakes may depress one, but they may keep one sober, make one strive to catch up, and make one wiser. In this sense, aren't these a kind of "advantage"? Of course, to turn mistakes into advantages, the key lies in drawing a lesson. On this point, Lei Yu has done well and, therefore, he has regained the people's trust.

Lei Yu's promotion and Bu Xinheng's demotion, the public opinion centering around them, and their mentalities have all shown that habitual practices and outmoded concepts are changing. Isn't this precisely the power of reform?

Minorities Regaining Preferential Status
*OW110251 Beijing XINHUA in English 1516 GMT
10 Mar 88*

[Text] Beijing, March 10 (XINHUA)—Millions of China's minority ethnic people, who preferred to be treated

as Hans in the old days, have regained their minority people status in the past few years.

At a press conference held today, a government official in charge of minority affairs said that about three million Manchus, two million Tujia people, and smaller numbers of other nationalities have rejoined their ethnic groups.

Before liberation in 1949, minority ethnic people in their millions changed their minority status into that of the Hans to avoid discrimination and oppression by reactionary authorities.

Since liberation, especially since 1978 when China seriously implemented its special policies toward minority nationalities, the minority ethnic people have been provided with preferential treatment in many fields. They have had more and better opportunities in employment, education, promotion, etc. than their Han brothers.

"So far," said the official, "the nationality recognition work has basically been completed."

He also said that some errors had been made in the recognition. Some Han people, for example, were turned into minorities at their own request hoping only to cash in on the government's preferential policies for minorities, according to the official.

Zhao Ziyang Urges Youth To Be Broad-Minded
OW111118 Beijing XINHUA in English 1030 GMT
11 Mar 88

[Text] Hefei, March 11 (XINHUA)—Zhao Ziyang, general secretary of the Communist Party of China, encouraged students of the China Science and Technology University to develop broad ways of thinking and strive to mature quickly.

In a letter written March 6 to celebrate the 10th anniversary of the university's junior class, Zhao said, "China's invigoration needs a lot of talented people and opens up bright prospects for youngsters."

He added, "I hope you will be free from arrogance and rashness, study perseveringly, be determined to become erudite, and become broad-minded and mature."

"You should be pillars of the state with both ability and political integrity, able to shoulder great and arduous tasks, and to contribute your efforts to building China into a modernized socialist country which is flourishing and powerful, democratic and civilized."

Zhao's letter was an answer to a recent letter from the students of the class reporting on their study conditions. In 1984, when he inspected the class, Zhao wrote an inscription to encourage them to make great contributions to ushering in the science and technology revolution.

Started in March 1978, the class has enrolled gifted youngsters around 15 years old. Of the 190 graduates so far, nearly 100 have gone abroad to continue their studies and 3 have won "Guo Moruo" scholarships—the highest honor given by the university.

"The course is a way to speed up the pace of training talented people and a major result of China's educational reform," said Gu Chaohao, the university president.

Zhao Ziyang Visits Medical Conference
HK110455 Beijing ZHONGGUO XINWEN SHE
in Chinese 1355 GMT 8 Mar 88

[Text] Beijing, 8 March (ZHONGGUO XINWEN SHE)—When meeting with delegates attending a national conference of traditional Chinese medical science work department and bureau directors today, CPC Central Committee General Secretary Zhao Ziyang paid close attention and expressed support for research on treating AIDS with traditional Chinese medical science.

After Hu Ximing, vice minister of Public Health and director of the National Management Bureau of Traditional Chinese Medical Science, gave a briefing on the relatively good clinical results a Chinese medical group recently obtained in trial treatment of AIDS in Tanzania, Zhao Ziyang asked: "Did they use ready-made medicines to treat AIDS?"

Hu Ximing answered: "No, they did not. They treated AIDS patients according to a diagnosis based on an overall analysis of the patient's condition and the theory of traditional Chinese medical science."

In October last year, the National Management Bureau of Traditional Chinese Medical Science dispatched a specialist group to Tanzania to investigate and study the treatment of AIDS with traditional Chinese medical science. During the past few months, they have treated 17 AIDS patients with traditional Chinese medicines and tablets they brought from China, achieving gratifying results. After being given emergency treatment, three dying patients regained consciousness, their conditions improved, and their symptoms were relieved. They felt better than before. This has attracted attention in Tanzanian medical circles. Clinical examination has proved that traditional Chinese medicines are remarkably effective in restoring and increasing the patients' immunity and in inhibiting the development of the AIDS virus. When hearing this, Zhao Ziyang repeatedly nodded.

Professor Chen Keji of Beijing's Xiyuan Hospital and an American doctor jointly used traditional Chinese medicines to treat an AIDS patient who was seriously ill, achieving the same curative effect. A medical doctor named (Pa Chu Ta) held that "Chinese acupuncture can not only prolong the life of AIDS patients, but can also improve their condition, increase their weight, and ensure the quality of their life."

Apart from three AIDS patients who were all foreign tourists, no AIDS patient has been discovered so far on the Chinese mainland. But public health and quarantine departments have discovered 10-odd cases of people who contracted the AIDS virus after treatment with imported plasma products.

The national conference of traditional Chinese medical science work department and bureau directors, which opened today, is the first national conference held by the National Management Bureau of Traditional Chinese Medical Science which was established in 1986. The nearly 200 delegates to the conference include specialists in traditional Chinese medical science, teachers of traditional Chinese medical science, and responsible persons of all provinces and municipalities.

Hu Qili, Wan Li, Tian Jiyun, Song Renqiong, Yan Mingfu, and Chen Muhua also attended the meeting and had a group photograph taken with the delegates to mark the occasion.

Li Peng Sends Wreath for Memorial Service
OW111238 Shanghai Voice of Pujiang in Mandarin to Taiwan 1000 GMT 2 Mar 88

[Excerpts] A High Mass for late Zhang Jiashu, Standing Committee member of the CPPCC National Committee, head of the Chinese Catholic Bishops College, director of the National Administrative Commission of Chinese Catholic Church, and bishop of the Shanghai Catholic Diocese, was held at the Xuhui Cathedral this afternoon. Bishop Zong Huaide, chairman of the China Patriotic Catholic Association, presided over the Mass, which was attended by all Catholic fathers, brothers, and sisters, as well as members of the Diocese, totaling some 3,000. [passage omitted]

A memorial service for Bishop Zhang Jiashu was held at the Longhua Funeral Home this afternoon. Deng Yingchao, chairperson of the CPPCC National Committee, and Li Peng, acting premier of the State Council, sent wreaths.

A 34-member committee was set up for Bishop Zhang's funeral. Members of the committee included Zong Huaide, Xi Zhongxun, Chen Pixian, Yang Jingren, Zhao Puchu, and Yan Mingfu.

Article on Bo Yibo Inspection of Zhu Jiang Delta
HK110802 Beijing LIAOWANG in Chinese No 7, 15 Feb 88 pp 8-10

[Article by Cheng Wen (4453 2429): "The Road of Reform and Opening Up is Getting Wider and Wider—Comrade Bo Yibo Inspects the Zhu Jiang Delta"]

[Text] Southern Guangdong in the 12th month of the lunar year is still covered by green and luxuriant trees, overflowing with vigor.

At the advanced age of 80, Bo Yibo, member of the Central Advisory Commission, came to the Zhu Jiang Delta to inspect Foshan, Shunde, Zhongshan, Dongguan, and the Zhuhai and Shenzhen Special Economic Zones. Full of zest, he visited factories and rural areas along the way (paying particular attention to acquainting himself with the development of township and town industries and the "three kinds of enterprises that are either partially or wholly foreign-owned"), listened to reports by local party and government leaders, and discussed plans for deepening the reform with them. He highly appraised the achievements and experiences gained by these areas over the past 9 years of reform and opening up and praised them for liberating their minds, daring to blaze new trails, and taking their own new road of developing the socialist commodity economy in accordance with the line of the 3d Plenary Session of the 11th CPC Central Committee and in light of their own concrete conditions. At the same time, he encouraged them, in the long course of reform, to avoid arrogance and rashness, to make full use of the current favorable opportunity and local strong points, to speed up the development of labor-intensive industries and an export-oriented economy, to introduce their products into international markets, to deepen the reform, and to resolve to reach the other shore of victory.

Splendid Results Have Been Gained in Reform in Past 9 Years [subhead]

Since the 3d Plenary Session of the 11th CPC Central Committee, our revered Comrade Bo has inspected Guangdong three times, so the current visit was his fourth. Gladly he said: Every time I come here, I see new changes, thus gaining a deepening understanding of the reform and opening up. Now the Zhu Jiang Delta's economy is taking off and the province's economic situation is very good. Guangdong Province has placed itself in the front ranks of the country in opening up to the outside world and developing the economy, especially the export-oriented economy, and has made great contributions for the state. This has convincingly indicated that Guangdong has successfully implemented the central authorities' line and has embarked on a correct road.

In the areas from Foshan to Zhongshan and from Zhuhai to Shenzhen, a number of newly rising, multifunctional modern cities and towns have started from scratch, thus providing a sound environment for attracting foreign investment and developing modern industries and exchange-earning agriculture. Immersing themselves in the spring breeze of reform, people have ushered in a great upsurge in reform, full of energy and with an enterprising spirit. In particular, the broad masses of the peasants have become involved in the development of commodity economy. Fully utilizing the areas' strong points of being situated in the subtropical zone and adjacent to Hong Kong and Macao and having more investments from Overseas Chinese and a comparatively developed commodity economy, the peasants have engaged in diversified undertakings, made vigorous

efforts to run township and town enterprises, and developed processing with supplied materials or samples, assembling with supplied parts, compensation trade, and export-oriented, labor-intensive, and some technology-intensive industries. Hence, there has been a new tendency of areas beginning to carry out production using imported raw materials and entering the international market with their products. Our revered Comrade Bo said: The emergence of township and town industries as a new force, the active absorption of investments from Overseas Chinese and foreigners, the rapid development of the "three kinds of enterprises that are partially or wholly foreign-owned" and the enterprises that "are engaged in processing supplied materials or samples, assembling supplied parts, and in compensation trade," and the initial formation of an export-oriented economy are an important indicator that Guangdong's situation in reform and opening up and in economic and social development is fine. During his tour, when informed of the important opinions General Secretary Zhao Ziyang raised while inspecting the work of the coastal areas, including Shanghai, Zhejiang, Jiangsu, and Fujian, on the economic development strategy for those areas, our revered Comrade Bo endorsed and supported Zhao's views. He said: Your practice has been in keeping with the spirit of Comrade Ziyang's speeches. You have advanced before others and I hope you will keep trying to take the lead.

When reporting his work to our revered Comrade Bo, Ou Guangyuan, 39-year-old secretary of the Shunde County CPC Committee, said: The peasants in Shunde are sitting in an abacus. To put it another way, they start operations only after making careful calculations. They have developed the commodity economy in accordance with the law of value, thus boosting the enthusiasm of tens of millions of peasants for production. Shunde's economy has developed rapidly in the last few years. In 1987, the county's total industrial and agricultural output value reached 3.6 billion yuan; its financial revenues amounted to 230 million yuan; its foreign exchange earned through exports came to \$120 million; its annual average per-capita rural income was 1,200 yuan; its employees' annual average per-capita income stood at 2,400 yuan; and its average per-capita savings balance was 1,100 yuan or more. The county party committee summed up their experience in developing the economy in "five things." They are a road (that gives top priority to the development of a collective economy, of industry, and of export-oriented undertakings); a leading body (the focus of the leading body's guiding ideology is shifted from paying close attention to the product economy and pure agriculture to paying close attention to reform and opening up as well as the development of a commodity economy); talent (importance is attached to talented people and efforts are made to seek talented people with money and in return money is made using their talents); bank notes (this means developing the economy by first providing loans to others for a period of time. In other words, before getting prosperous, you ought to become a creditor); and ideas (this means

managing the economy with economic means and using policies flexibly within the framework of a "cage").

Dongguan Mayor Zheng Jintao said to our revered Comrade Bo: Dongguan started its effort to conduct reforms and to open up to the outside world with agricultural development. To enable the peasants to become prosperous, the city spent nearly 200 million yuan building approximately 1,000 km of roads leading to every village and set up factories right on the peasants' doorsteps. This method has many advantages: 1) Investment can be reduced; 2) people can take part in both industry and agriculture; 3) since production costs are low (wages are not high), products can be competitively priced; 4) the difference between industry and agriculture can be narrowed; and 5) it will help develop agriculture using funds from the earnings of industrial undertakings, build more small cities and towns in the rural areas, and help achieve the integration of the cities and countryside. While developing agricultural production, the city has also paid close attention to the development of communications and energy industries, personnel training, import of foreign investment, and the expansion of enterprises engaged in "processing supplied materials or samples, assembling supplied parts, and compensation trade." Over several years of building an enterprise through arduous effort, the city has embarked on its own characteristic economic development road, with commodity agriculture as the basis, export-oriented industries playing a leading role, and socialized services as the link, under which the three major industries develop in a coordinated way. Since 1980, the city's industrial and agricultural output value has grown at an extraordinary average rate of 20 percent a year. In 1987 its national income topped 2.9 billion yuan and earned \$260 million in foreign exchange. It hands in 380 million yuan to the state treasury every year. Moreover, the percentage of the labor force engaged in farming has dropped from 70 percent in the past to 28 percent and 72 percent of the city's total work force has moved to industry. All the hilltops in villages and towns have been developed. The city's annual average per-capita income from fruit production alone was 400 yuan. The peasants have indeed become better off. Our revered Comrade Bo climbed the city's Daling Hill and while looking around the multi-peaked mountains covered with green fruit trees, he was radiant with smiles. It can be imagined several years from now, when the air is heavy with the aroma of ripe fruit on these fruit trees, what an enchanting scene this hilltop will be!

Expressing interest in the reports submitted to him by Ou Guangyuan and Zheng Jintao, our revered Comrade Bo said: They are things derived from practice and of great value. Really, practice is a big classroom from which our experience and knowledge have come and our talented people (including technical, managerial, and leadership personnel) have emerged. In the past we learned warfare through fighting wars and now we should learn how to conduct reform and opening up and carry out commodity production in the same spirit. At

the close of his report, when Ou Guangyuan asked our revered Comrade Bo for criticisms and corrections, the latter said humorously: You have made outstanding achievements in developing the commodity economy enthusiastically, you cannot be faulted. He said: Now we are carrying out reforms and our ultimate purpose is to find a road capable of accelerating the development of a commodity economy and to give a great boost to the development of productive forces. Thus people will come to realize the superiority of socialism more and more. Before the 3d Plenary Session of the 11th CPC Central Committee, we pursued a product economy and grain and industrial crop products were basically not viewed as commodities and the same was true of manufactured goods. The old economic pattern bound and handicapped the development of commodity economy. This is bad. The new economic pattern aims to form planning and the market into an organic whole and we call this development a planned commodity economy. In the final analysis, the most important thing to do in regard to the advocacy of the 13th CPC National Congress for accelerating and deepening the reform is to continue to open up and widen the road of speeding up the development of the socialist commodity economy by proceeding from our country's national condition. This is an important article to write in the initial stage of socialism. We must try our best to write it well.

Township and Town Enterprises Have a Glorious Future [subhead]

Throughout the journey, Ye Gu, secretary of the Foshan City CPC Committee, and the responsible comrades from the so-called "Four Little Tigers in Southern Guangdong," including Zhongshan, Shende, and Dongguan, all talked about the economic takeoff in their own areas over the last few years and said it was achieved mainly by relying on developing township and town enterprises, with the collective economy as the main body. Foshan City alone has more than 300 chiefly export-producing township and town enterprises, 23 of which can generate exports worth over \$1 million a year. In 1986 the total value of products exported by the city's township and town enterprises was 630 million yuan.

Our revered Comrade Bo conducted an on-the-spot inspection in enterprises run by Guizhou Town—the No 1 Fan Factory, the Decorative Lantern Factory, and the Huanan Woolen Mill. In 1978 the town's industrial and agricultural output value totaled just 46 million yuan and now it has 536 village and town enterprises. In 1986 the volume of manufactured goods purchased for export use amounted to 170 million yuan. In 1987 the town's total industrial and agricultural output value was 830 million yuan, of which about 90 percent or 730 million yuan was generated by village and town industries. Some 100 varieties of its products, belonging to 30 major categories are sold in 87 countries and regions in Europe, in the Americas, and in Southeast Asia, including Hong Kong and Macao. The annual average per-capita income of the town's peasants increased from 131 yuan in 1978

to 1,365 yuan in 1987 and the annual income of its employees was 2,600 yuan. The town hands over some 35 million yuan to the state treasury a year. The vigorous development of township and town enterprises has enabled 80,000 town citizens to embark on the road of shared prosperity.

In Zhuhai, our revered Comrade Bo inspected the Huasheng Tape Factory, an enterprise run by Wanzai Town. He made detailed inquiries about its production and operation experience. The factory's equipment is imported from the United States, Italy, Japan, and Switzerland, and 60 percent of its products are sold on overseas markets, earning HK\$15 million in foreign exchange a year. Wanzai is a small town with a population of just 7,600 people. In 1987 the total value of the town's industrial, agricultural, and fishery output was 110 million yuan.

Township and town enterprises have emerged in our country in just a few short years. Though a novelty for all of us, they have shown strong vitality and bright prospects in terms of quality and quantity. They are becoming a major pillar of our country's rural economy and part and parcel of the entire national economy. In 1987 it was estimated they employed 85 million people and their total output value was 450 billion yuan. On the basis of readjusting the structure of production in the rural areas, fully utilizing the rural strong points, such as abundant labor and farm and sideline material resources and vigorously developing township and town enterprises of all types, with collective economy as the main body, is the only way to invigorate our country's rural economy and to achieve agricultural modernization. It is also the road that 800 million peasants must follow in shaking off poverty and attaining common prosperity. Our revered Comrade Bo said: The emergence of township and town enterprises as a new force is one of the greatest achievements of rural reforms. He hoped that township and town enterprises in Guangdong and other coastal areas would persistently develop along the track of an export-oriented economy, orient themselves to the international market, take the road of exporting processed goods, and would further improve the levels of township and town enterprises. During his inspection tour, our revered Comrade Bo repeatedly stressed: Our country has a poor foundation and even you, the relatively well-off areas, will also meet with difficulties and contradictions of one kind or another, such as fund shortages and a dearth of qualified personnel and technology. Contradictions are nothing to be afraid of. Our cause is advancing even as we continue to solve contradictions. Without contradictions, there would be no development. The point at issue is that we should promptly discover and be good at correctly solving them. For example, it will not do for us to solve the problem of fund shortages by relying on issuing more bank notes and asking the higher-ups for more money—instead we should rely on hard work, careful calculation and strict budgeting, and on practicing thrift and at the same time,

try every possible means to use foreign investment from Overseas Chinese and to pool money in the hands of the people to run or to expand reproduction. This will really solve problems and create conditions to better the vigorous development of township and enterprises.

Economic Zones With Better Results [subhead]

and Shenzhen Special Economic Zones, our Comrade Bo held successive discussions with leaders as Liang Guangda, secretary of the Zhuhai Committee, Yuan Geng, person in charge of the Industrial Zone, and Li Hao, secretary of the City CPC Committee and selectively Sino-foreign joint ventures, cooperative enterprises jointly operated by local units and other parts of the country, such as the Jinhai Set Factory, a compressor plant, the Meida Disc Factory, the Guangdong Floating-Networks, the Kejian Company, the Jiguang Company, and the Zhonghua Bicycle Company. He expressed satisfaction with and appreciation for the achievements of the two special economic zones in attracting investment and investment from Overseas Chinese, importing advanced technology, expanding production, improving management and increasing earnings and saving foreign exchange. When dealing with the question of earning foreign exchange through exports during discussions or when making exchange-earning products is a key development of the special economic zones, he paid attention to the production of technology-intensive products for export while continuing to develop the production of labor-intensive products for export will help open up new revenues for foreign exchange through exports. When referring to the question of enterprise management, our Comrade Bo said: The task of learning proficient management from enterprises is still very arduous. The problem is to accelerate the mastery of such skills. You, in the special economic zones, can invite more foreign personnel to help us manage enterprises and let foreign investors directly manage some joint ventures with foreign investment. The purpose of "learning from them" is to learn from them face to face and to learn advanced managerial methods or expertise. We should accumulate more such experience so that other localities can use it as reference. Of course, enterprises, no matter who manages them, us or them, should abide by the state's Constitution and legal provisions. This is self-evident.

When inspecting Shenzhen, Comrade Deng wrote an inscription: "The development and success of the Shenzhen Special Economic Zone is a good thing. It is a good thing that our policy to establish special economic zones is correct." The development and experiences of

Shenzhen and other special economic zones over the last 3 years have further proved that the road of establishing special economic zones has been opened in all directions and the orientation has become clearer and the prospects are very bright. When inspecting Zhuhai and Shenzhen, one central issue that our revered Comrade Bo discussed with comrades from the special economic zones was how to run the special economic zones with better results on the basis of the achievements and experience we have gained. In his opinion, to run the special economic zones with better results so that they can really become a "file leader" in the reform and opening up and play their roles as "four windows" and "two fans" in a genuine and overall way, close attention should be given to three things: 1) We must be very clear both in ideology and work that the economy of the special economic zones is export-oriented and this is the basic course of their economic development. The development of an export-oriented economy calls for the establishment of export-oriented, key industrial enterprises and agricultural production bases and efforts to raise enterprises' technical and managerial levels and their product quality. This will help increase their competitiveness on the international market. If the economy of the special economic zones does not have a powerful industrial foundation and if they concentrate their efforts on the circulation sector, they will become "spineless beauties." 2) We must accelerate scientific and technological progress and personnel training. On the one hand, we should continue to actively import advanced foreign technology and equipment and on the other, we should attach great importance to and do a solid job in absorbing, assimilating, and creatively developing imported technologies. If we fail to absorb, assimilate, and develop imported technologies for our own use, there will be no hope for increasing the proportion of goods produced by our own country. The truth is very simple. If you do not assimilate, improve, and creatively develop imported technologies, you will be unable to form and develop your own new technological system and will have to stay at the stage of importing others' technologies while others continue to make technological progress. Consequently, you will always lag behind others. We have to rely on people in mastering science and technology. Therefore, we should place education and personnel training in a strategic position. Not only must we send some people to universities and give employees a better technical training but we must also develop the kind of education and training right through from primary and middle schools and from infant schools that Japan and South Korea have. We should look further. This is where the key to whether we can gain the strength needed to back our continued economic development lies. 3) We should support and help the inland areas develop their economies. Many forms can be adopted, such as providing convenience or creating conditions in funds input, technological transfer, information exchange, and personnel training. We should promote and support the inland areas' economic development so that they can benefit therefrom. This is a glorious duty that the special economic zones should perform for society. At the same

time, when the inland areas' economies are developed and have their staying power increased, there will be a greater guarantee for the overall development of the special economic zones. To put it briefly, forming more lateral economic associations with the inland areas and correctly handling interest relationships with them are a question of great strategic importance that the special economic zones should satisfactorily solve in their future construction.

Communist Party Members Must Withstand the Trials of Reform and Opening up [subhead]

Everywhere he went during his inspection tour, our revered Comrade Bo always stressed: While paying close attention to the building of socialist spiritual civilization, in the new historical condition of reform and opening up, we should strive to build the party well. He pointed out: Leading cadres at all levels must seriously study Comrade Ziyang's report to the 13th CPC National Congress and have a thorough understanding of the theory of the initial stage of socialism and the dialectical relationship of unity between "one center and two basic points." Though busily engaged in economic work, we should never neglect to strengthen the building of the party itself. Recalling the past, he said: In the early days of the war of resistance against Japan, I remember our party was cooperating with the Kuomintang for the second time. Comrade Wang Jiaxiang who had just returned from the Soviet Union said: The CPC is a mature party and the success in the united front work is a great event. Our party members should be encouraged to dare to learn to swim in the vast sea of the united front work but to avoid being drowned in it. Historical facts prove that our party has withstood the rigorous tests of the united front and the national war and won final victory in the democratic revolution throughout the nation. Now our party is leading the people all over the country in carrying out the reform and opening up, developing the socialist commodity economy, and in building socialism with Chinese characteristics. It is also confronted with the problem of learning how to swim in this vast new sea. Our tasks are arduous and the conditions complex. Therefore, to open to the outside world, we should take the initiative in entering the international market and maintain frequent contacts with foreign capitalists. If you do not enter the international market, you will have no business to do and be unable to learn what ought to be mastered. But once you manage to do so, you must resist the influence of decadent feudal and capitalist ideas and withstand all trials. In fact, a few Communist party members were defeated when faced with this test. They took graft and bribes, making use of the situation of opening up to the outside world. Does this not mean they have "drowned themselves"? Of course, we will not stop eating because we belch nor stop adhering to the reform and opening up just because some people have "drowned." We must learn from foreign countries their advanced technology and managerial expertise and boldly develop an export-oriented economy. Nevertheless, in the course of reform and opening

up, we must also persist in running the party strictly. We must often resist the corrosive influence of decadent capitalist ideas, effectively strengthen education among our party members, raise their ideological and political quality, and rigorously enforce party discipline. Meanwhile, we should strengthen the socialist legal system and severely crack down on illegal and criminal activities so as to minimize the occurrence of such problems.

Our revered Comrade Bo said: As the production of coastal areas has developed and people's living standards improved, you cadres have better meals to eat and better clothes to wear. This is beyond reproach. We are not asking Communist Party members to become "ascetic monks." However, we must never go too far and indulge in extravagance and waste. Otherwise, we will be divorced from the masses. Foshan City's leading cadres live in medium-level houses and Zhuhai City's leading cadres do not keep up with those who have high wages. They have done well. Our country is still very poor. The localities that have become prosperous before others should always think of the less prosperous regions and remember that several tens of millions of people all over the country still do not have enough food and clothing. It is very hard to build an enterprise. What should we rely on in building an enterprise? We should rely on plain living and hard struggle and self-reliance. We should carry out all our endeavors with industry and frugality. The advocacy of "plain living and hard struggle and self-reliance" has been written into the party's basic line for the initial stage of socialism. If our leading cadres do not develop this style and spirit and set an example in this regard, it will be impossible for them to lead the people in smoothly achieving the goals of our endeavors. Now some young cadres ask for better housing or cars the moment they assume office. They compete with one another for consideration and enjoyment and not in work performance and contributions. This is very bad. We should help them correct their mistakes.

During his inspection tour, our revered Comrade Bo again and again exhorted leading cadres at various levels to correctly analyze and approach the situation. He said: The current situation of Guangdong and the rest of the country is indeed very good. The economy is growing and the reforming is deepening but some problems remain and not everything goes smoothly for us. Therefore, we should be soberminded and always think of what difficulties and problems will confront us in our road of advance in the days ahead. Only when we are mentally prepared can we be unruffled with whatever happens and always have the initiative. This is also what our ancestors meant when they said: "In doing anything, with ample preparations we will succeed and without them we will fail."

After returning to Guangzhou, our revered Comrade Bo had a long conversation with Lin Ruo, secretary of the Guangdong Provincial CPC Committee, centering on the question of strengthening the building of material and spiritual civilizations. On 1 March when meeting

members of the provincial Advisory Commission and some veteran comrades, he encouraged veteran comrades to enthusiastically support the work of the new leading body, to restore and develop the fine traditions and work style in the best period of our party's history, and to take greater strides in the reform and opening up and turn Guangdong into the nation's experimental area for carrying out the reform and opening up in accordance with the spirit of the 13th CPC National Congress. "Take off in 1988" is the inscription our revered Comrade Bo wrote for Dongguan. Inspired by the spirit of the 13th CPC National Congress, the people of the Zhu Jiang Delta and the province as a whole will forge ahead and win new victories in the reform and opening up with greater determination in the new year.

Zhang Aiping, Others Visit Painting Exhibition
OW110019 Beijing XINHUA Domestic Service
in Chinese 1638 GMT 10 Mar 88

[By reporter Li Guangru]

[Excerpts] Beijing, 10 Mar (XINHUA)—[Passage omitted] A folk painting exhibition of Huangzhong County, Qinghai opened in the China Art Gallery today. [passage omitted]

Comrades Zhang Aiping, Banqen Erdini Qoigyi Gyan-can, and Yang Jingren visited the exhibition this morning. The Ministry of Culture conferred on Huangzhong County the honorary title of "Folk Painting Town of China."

New Law Defines Status of Private Enterprise
OW111520 Beijing XINHUA in English 1453 GMT
10 Mar 88

[Text] Beijing, March 11 (XINHUA)—China has drafted a set of new regulations to define the legal status of private enterprise.

It is the first regulation of its kind in the country and will soon come into effect, an official with the State Administration for Industry and Commerce, said today.

Under the rule a private enterprise must have at least eight employees.

The regulations will also set out the legal rights of private enterprise to facilitate development of the sector.

By the end of last year China had more than 13.7 million private businesses, of which 115,000 employed eight or more workers with a total of 1.84 million employees.

Whether a private enterprise should have the status of a legal person is now under discussion.

Draft Business Law Sparks 'Open Discussion'
HK110430 Beijing CHINA DAILY in English
11 Mar 88 p 4

[By Wang Gangyi]

[Text] The first draft law governing China's State-owned industrial enterprises seems to stand a better chance for approval by the National People's Congress (NPC) when it convenes in Beijing later this month, despite the major differences of opinion it has incurred among the people.

As soon as it was made public by the NPC's Standing Committee in January, the draft law ignited unprecedented open discussion that has been covered extensively in the country's major newspapers.

Party officials, factory directors economists and workers have all offered their suggestions on how the draft should be revised.

The law will, for the first time in China's history, specify the nature of the country's individual enterprises, their relationships to the State and their rights and obligations. Moreover, it will also stipulate the status and functions of management, Party organization and trade union in an enterprise.

Most of those taking part in the discussion expressed reservations that the draft law only has adopted as a general principle the separation of an enterprise's management from its ownership.

Gao Shangquan, vice minister in charge of the State Commission for Restructuring Economy, told CHINA DAILY that more specifics should be added to the law to enable enterprises directly to control, possess, use and dispose of their own funds and properties, without interference from the State.

Wu Xinghua, director of the Beijing Internal-Combustion Engine Factory, urged that independent management powers in State-owned industrial enterprises be further clarified.

It is no surprise that people have shown great concern over the relationship between individual enterprises and the State. For a long period after the founding of the People's Republic in 1949, enterprises in China were under the strict control of the central government and many of its subordinate departments. Enterprises organized their production according to the State plan, with State-provided materials and funds, and sold their products at fixed prices to government departments.

In the early 1980s, the State adopting a series of reform measures aimed at freeing enterprises from the shackles of rigid government administration and establishing a

market-oriented economy. However, the effort meets with constant resistance from middle-ranking bureaucrats trying to defend their vested interests by maintaining the old system.

The drafting of the law on State-owned industrial enterprises, intended to provide legal protection for independent management power of enterprises, is certainly a major step for the country's reformers.

The most controversial point in the draft law is perhaps the status and responsibility of directors in enterprises. As a legal confirmation of the director-responsibility system which is vigorously promoted throughout the country at present, the draft stipulates that the director holds the central position in his enterprise with comprehensive management responsibility.

While many people, especially directors and managers, are arguing for more detailed regulations to protect their legitimate interests and rights, others fear that the law may put workers in an inferior position, vulnerable to the possible abuse of power by directors.

In his letter to the NPC Standing Committee, Du Zhikang, a lecturer in the People's University, points out that a major defect of the law is that it neglects the rights and interests of individual workers.

"In China, workers are masters of enterprises," he writes. "The draft law should state in specific terms their political and economic rights. They should also be allowed to participate in enterprise management."

Economists from Hubei Province suggest, that the protection of workers' legitimate interests and rights should be one of the general principles of the law.

According to Gu Ming, director-general of the Research Centre of Economic Laws, making the law an incentive for further economic reforms also remains controversial.

Gao Shangquan notes that the heated discussion reflects a reemergence of the nation's long-subdued consciousness of law, which is encouraging in a country which has a long history of feudalism.

Since preparation got started in autumn 1980, the draft law has undergone 13 revisions and repeated reviews by four full sessions of the NPC's Standing Committee. However, this time it is expected to be approved following further revisions.

Gao Shangquan says that positive results from urban economic reforms have created a favourable environment for the acceptance of the draft law.

Sun Shangqing, deputy director-general of the Research Centre for Economic, Technical and Social Development under the State Council, notes that it is unrealistic

to expect the law to solve all problems. Various conflicting relationships can only be resolved gradually with the help of other laws and regulations, he says.

Article Urges Industrial Management Reform
HK110645 Beijing JINGJI GUANLI in Chinese No 1 1988 pp 44-45, 5

[Article by Sun Liegen (1327 3525 2704): "A Discussion on the Functional Change of Industrial Management Departments"—Edited by Huang Weilin (7806 0251 2651)]

[Text] Changing the functions of industrial management departments is an important part of structural reform. It is also necessary in order to strengthen our overall guidance and revitalize specific areas. It is a problem that needs immediate resolution. This article discusses the question of the functional change of industrial management departments with the machine-building industry as an example.

I The Importance, Necessity, and Urgency of Changing the Functions of Management [subhead]

1. A look at the importance of functional change from the economic management system

The traditional Chinese economic management system is characterized by direct control by the government. The major flaw is enterprises are deprived of autonomy. Therefore, to strengthen the vitality of enterprises, and implement effective management of the trade in all aspects, the functions of government administration and enterprises of management departments in the machine-building industry must be separated. Power that belonged to enterprises should be returned to them. The situation in which the administrative office directly controls an enterprise as if the latter was an affiliate of the administrative office should be changed. Enterprises should have enough vitality to create external factors and become producers and managers of commodities that are relatively autonomous, independent, and assume sole responsibility for their profits and losses.

2. A look at the necessity of functional change from the present state of the management system in the machine-building industry

Zhejiang Province is an example. At the end of 1985, there were 13,500 machine-building enterprises above the level of villages and towns in Zhejiang. They belonged to 7 divisions respectively: industry, agriculture, finance and trade, capital construction, culture and health, politics and law, and the Office of the National Defense Industry. They were administered by 33 departments. Therefore, they were under multiple leadership, each having its own system. The situation was fragmentary. It was characterized by scattering and weakness. By scattering we mean there were too many points that were too spread out. Their production overlapped. No one

point was able to produce on a significant scale. There was no stress on spending the limited capital, energy, and raw materials on selected points. Wastage was a serious problem and economic benefits were low. By weakness we mean the enterprises were of low quality. They had little ability in technological development or self improvement. Their management level was low and their technological advancement and product development slow. The whole province produced about 8,000 kinds of machinery and electrical appliances. About 70 percent of them were at the level of international standards in the 1950s to 1960s; 30 percent were up to the standards of the 1970s. Only a few products reached the early 1980s standard. It is obvious that the present management system has seriously impaired the development of production and science and technology.

3. A look at the urgency of functional change from the challenge facing the machine-building industry

The present stage is a key stage for us to vigorously strengthen China's economy and lay a good foundation for it. It is also a key stage for us to welcome the new technological revolution and make preparation to keep track of key developments of high technology in the world. This high demand is a sharp contrast to the low quality, limited variety, and low economic benefits of our machine products. The key to resolving this problem is to adjust the product mix, the structure of enterprises and the structure of the industry and to introduce comprehensive strategic change. To enable this structural adjustment, we must strengthen and perfect management departments in a comprehensive way and change the situation wherein the functions of government and enterprises are mixed. Management departments in the machine-building industry must grasp the opportunity, take initiative to introduce functional changes in management, and greet the new challenge.

II How to Change the Function of Management?

Functional change includes three aspects, namely, change in thinking, content, and methods and means of management.

Management departments of the machine-building industry at all regional levels of the government must separate the functions of government administration from enterprises, streamline administration, delegate power to others, and change their functions. They must face the whole industry and serve the whole industry. Practice over the last 2 years has proved that when the function of the responsible department of an industry has changed, there is more initiative at work.

Two tendencies merit attention in the change of management function. First, we see the change in an oversimplistic way. Instead of focusing on reforming the management system, we focus on the organization. We have the wrong idea that as long as we dissolve, merge or give freedom to organizations, we can reach the goal of

functional change. The second tendency is to look at change in an overly complex way. We maintain that only with the completion of the entire structural reform can we proceed with changing the functions of management departments and reforming administrative offices. We should be aware of the relatively high level of difficulty in changing the function of management. We must rely not only on improvement in management consciousness and management quality of government administrative departments, but also other related structural reforms. At present, China is in a transition between old and new structures. Two different management styles, two mechanisms, and two pricing structures coexist. Therefore, in changing functions, we must adhere to reform but also act according to the reality. We must analyze the present functions, and, based on the principle of the separation of government from enterprise functions, clarify what should remain the work of government departments and seek new management styles on the one hand; and also clarify what responsibilities should be assigned to enterprises on the other. We should be determined in assigning the responsibilities as soon as possible. We should adopt the policy of "dual track operation and smooth transition" to the old and new functions. This means that old functions should be changed as far as possible and new functions must be implemented as soon as possible. If something cannot be implemented at once, we can wait a little. In other words, while we must guarantee that all the work proceed without interruption and confusion, we must also actively seek methods of transition, create the conditions, and accelerate the transition, so as to strengthen the new functions, eliminate the old ones, and complete the change of functions.

1. Change in the thinking of management. Change in concepts is a pioneer of reform and a prerequisite for the functional change of management departments. To management departments, we must first emphasize that "leadership is service." We must make it clear that the aim of changing management functions is to serve better and to actively create a good environment and favorable conditions for enterprises. At the same time we should establish the ideal of serving the whole industry by changing the situation in which the machine-building industry is fragmented under different departments and enterprises exist in "large but complete" and "small but complete" forms. There should be coordinated planning. Resources for the whole industry should be allocated in a reasonable manner, so that the products will be of high quality, superior variety, high level, and high economic benefits. In so doing we can perform the strategic task of providing technological equipment for the four modernizations.

2. Change in the content of management. The new functions must be defined according to what is required of functional change.

In 1987, the Office of Machine-building Industry of Zhejiang Province made an analysis of its functions. What it should not do, could not do, and could not do

well, it delegated to others. What it should have done but not done, and had not done well, it would improve. It made an initial analysis of 119 functions in 8 aspects, namely: planning, production, science and technology, personnel, education, enterprise management, quality standards, and policy studies. Then it delegated 13 functions to the local government, including the examination and approval of medium and small-scale capital constructions, initial design of items in technological reform, inspection and reinspection of the creation of quality work, allocation of students in schools for skilled workers, and treatment of safety measures in enterprises. Seven functions were delegated to enterprises. The functions involve mainly power over the personnel, finance, resources, marketing, supply, and production of enterprises, such as the examination and approval of medium and small-scale capital constructions, annual detail planning of items of technological reform, implementation of contracts involving the introduction of technology, and the handling and implementation of equipment and equipment maintenance in enterprises. Nine functions were delegated to trade associations, such as evaluation of the quality control of trade in the province, supervision and selective inspection of product quality, and evaluation of quality control results. Five functions will be shifted to the general departments. Twenty-four functions that belong to government departments will be thoroughly grasped. The emphasis is on strengthening overall decisionmaking and developing strategic studies, grasping coordinated planning and information, organizing specialized production, promoting economic integration, improving service to the whole trade, and creating a good external environment in order to activate enterprises.

3. Change in the methods and means of management. We should chiefly employ economic and legal means and necessary administrative intervention and shift from management predominated by direct control in the past to management predominated by indirect control. We should also rely on coordinated means of planning, information, policy and organization to strengthen overall control and adjustment and spur the realization of planning and policy goals. Economic measures should be employed through pricing, taxation, credits, and economic levers to regulate the economic activities of the trade. Legal measures should be applied in terms of organizing legal training classes in order to train and build up a group of part-time lawyers to direct enterprises to vitalize the economy within legal boundaries. Legal measures should also be employed to maintain legal rights of enterprises and raise their level of management. In order to smoothly implement the functional change of management, administrative offices should pay attention to three questions. First, they should adjust to functional change of management in terms of the organization. The overall administration of the organization as well as work in general, information, decision-making, research, and inquiries should be strengthened so that decisionmaking is democratic and scientific. When a decision has been made to set up an office, we

should consider from the perspective of management in the trade, and separate overall management functions from specific management functions during the transition. Government administration should be streamlined, power should be delegated to others, and functions should be changed so as to increase and strengthen the managerial function of the trade, set up new work and work procedures, examine and approve standards, change styles and serve the grass-roots level. Second, the hiring system should be changed from appointment only to a combination of appointment and recruitment. Third, managerial personnel should be trained. The knowledge structure should be changed and managerial personnel should be able to acquire and raise their ability to do overall planning, guide and coordinate as soon as possible, to improve service in general and the ability to use legal means.

In order to suit the functional change of management, the Office of Machine-building Industry of Zhejiang Province, with a spirit of not waiting, and changing what can be changed first; strengthened its long-term planning, technological progress, export expansion, policy studies, human development and divisions of information, general service, and supervision. It also closed two sections, namely, capital constructions and supply and marketing. It also reorganized several companies that are directly under the office and closed two administrative companies. In addition, it reformed the provincial automobile company and agricultural machine-building industrial company by helping them complete their functional change and converting them into operation and service companies that keep separate accounts and assume sole responsibility over their profits and losses. At the same time, the office changed its style, improved its work methods, raised the quality of its personnel, and gradually changed government office work to production and service to the grass-roots and enterprises.

Textile Industry Expects Challenge, Progress
OW110744 Beijing XINHUA in English 0706 GMT
11 Mar 88

[Text] Beijing, March 11 (XINHUA)—China is now one of the world's biggest chemical fiber producers with an annual output of 1.1 million tons in 1987, today's overseas edition "PEOPLE'S DAILY" reported.

According to the report, the output of woolen fabrics, woolen thread, silk, and garments also climbed by big margins.

The country earned 8 billion dollars from textile exports, with garment exports pulling in one-fourth of the total.

In a bid to increase exports and make China's textile products more competitive on the international market, the country will set up several export-oriented textile production bases along the east coast, and modernize some textile mills inland.

Textile corporations, which will coordinate trade department and enterprise activity, will be created, more enterprises will directly handle imports and exports, while scientific research institutes are being asked to work more closely with textile machinery plants in helping them upgrade existing equipment.

China's textile exports will face big challenges in 1988 because the international textiles and garments market has been booming for the last 3 years and the prevailing protectionism will also intensify competition on the market, while shortages of raw materials like cotton, wool, and chemical fiber have also become a problem.

'Severe Punishment' Urged for Faking Products
*OW110209 Beijing XINHUA in English 1624 GMT
10 Mar 88*

[Text] Beijing, March 10 (XINHUA)—A senior Chinese official today demanded severe punishment for manufacturers of fake goods.

"The punishment must be severe enough to force them to bankruptcy," Liu Minxue, vice-director of State Administration for Industry and Commerce, said.

Only in this way can this kind of wrongdoing be stopped, he said.

Fake products are now a national headache, because measures taken so far against their manufacturers are not harsh enough, Liu said.

Liu called for work in real earnest to carry out the revised "Detailed Rules and Regulations for the Implementation of the Trademark Law", and the infliction of fines on violators of the law amounting to twice as much as they have illegally obtained.

Fake goods are also an international issue, and China will attend an anti-fake goods conference to be sponsored by the World Intellectual Property Organization this April, he told XINHUA.

Chen Muhua at Signing of Cooperation Pact
*OW102348 Beijing XINHUA in English 1154 GMT
10 Mar 88*

[Text] Beijing, March 10 (XINHUA)—China's State Machine-building Industry Commission and the Communications Bank of China signed a cooperation agreement in the Great Hall of the People here today.

As the first of its kind between industry and bank since the overall reform started nine years ago, the signing ceremony attracted a number of state leaders and heads of financial departments, including State Councillor and Governor of the People's Bank of China Chen Muhua, Vice-Minister of the State Economic Commission Ye

Qing and Vice-Minister of the State Planning Commission Hao Jianxiu and Chairman and General Manager of the Communications Bank of China Li Xiangrui.

Zou Jiahua, minister in charge of the State Machine-building Industry Commission, said that the machine-building industry needs the cooperation and support of the financial departments to speed up the development of the machine-building industry, to reform its setups and upgrade its technology, and to increase its cooperation and exchanges with foreign countries.

The financial institutions need the growth of industry to help boost themselves and the close cooperation of the industrial departments in their reform and the restructuring of their setup, Zou said.

The bank will issue loans and help to commercialize research achievements in the industry. It will also provide sellers' credit to expand the exports of electrical and machinery products, and will issue bonds or stocks on behalf of machine-building enterprises. It will also run leasing business with enterprises for Chinese and foreign electrical and machinery products.

This cooperation between industry and bank will surely increase and improve, Zou added.

Salespeople Play Major Role in Boosting Economy
*OW110551 Beijing XINHUA in English 0211 GMT
11 Mar 88*

[Text] Beijing, March 11 (XINHUA) — A contingent of supply and sales people is fast growing in China along with the country's booming market-oriented economy, reported today's CHINA DAILY.

Sales people once were scorned for their fast talk, but suddenly they have become important to factory managers and businesspeople.

Although the exact number of salespeople nationwide is difficult to obtain, in Shanghai's more than 10,000 industrial and trade enterprises, approximately 100,000 people work either to promote sales or to buy supplies, according to the Shanghai-based newspaper WEN HUI BAO.

In addition, about 15 percent of the 1.1 million daily visitors to the city, or nearly 150,000 people, come either to purchase materials or sell their products. It is estimated that the total number of salespeople in the country could well be over tens of millions.

Because they work for different businesses and firms, the status and pay of salespeople vary greatly. Some stay in luxury hotels and travel by taxi while others wait for customers to come begging for the rare raw materials

they can supply. But the majority are out all the time, trying their luck and getting their business done with popular brands of cigarettes and other small "bribes".

It is a recognized fact that most salespeople enjoy low social status, even though some have helped their businesses achieve big profits.

Some try to establish "connections" with those playing key roles in their companies by offering small bribes, small benefits and other sorts of gifts.

Others, especially those who look for state-controlled raw materials such as chemicals and iron, go from door to door, from one department to another, begging for what their factories need.

Still others, people who work in small township factories and have little access to the urban administrative network, have to buy their way into each layer of the city's bureaucracy. They are willing to do whatever is necessary to make deals, occasionally at the cost of personal dignity and funds.

Considering the problems facing both supply and sales people and their factories, society must work out relevant laws and policies to safeguard the interests of all parties.

The hardships most supply and sales people endure — a lack of proper accommodation and food, irregular schedules and constant absences from home and family members, must be recognized and dealt with. In addition, they should be given respect and a higher social status.

Another problem concerns the so-called bribes. Salespeople often offer something to those who help them do business and some regard this as bribery. But how do small, rural factories compete with their more powerful and influential urban counterparts, get raw materials and sell their products when there are no policies and systems to guarantee their lawful rights?

The professional level of those in their fields should also be upgraded. Acquiring materials or selling products not only involves money and goods, but also public relations, psychology, responsibility and professional knowledge.

It is expected that as China's economic situation improves and develops, so will the skills and status of these people, who are essential to its success.

Minority Regions Urged To Improve Economies
HK110500 Beijing CHINA DAILY in English
11 Mar 88 p 1

[By staff reporter Cheng Hong]

[Text] China's large minority regions have been urged to improve their economies for the country's common prosperity while the State Council is calling on coastal areas to speed up their readjustment for export-oriented economy.

Ismail Ahmat, Minister of the State Nationalities Affairs Commission, said at a three-day national meeting on minority affairs which concluded on Wednesday in Beijing that the key to developing remote areas lies in the full exploitation of natural resources and introduction of advanced technology and talented personnel from coastal areas.

China's 56 ethnic groups inhabit 60 percent of its land. Much of the rich resources of these areas remains untapped.

Statistics from the commission reveal that during the Sixth Five-Year Plan (1981-85), the average annual growth rate of industry and agriculture in the five autonomous regions and 31 autonomous prefectures inhabited by minorities was 9 percent, lower than the 11 percent for the country's average.

Statistics also show that at least 20 percent of the total population in the minority inhabited areas need the country's help. Four of the autonomous regions—Inner Mongolia, Guangxi, Tibet and Ningxia—could barely produce enough grain for local consumption.

The commission decided to strengthen economic development in the minority areas and exchange trade across the borders, Jiang Jiafu, five-minister of the commission, told CHINA DAILY yesterday.

Jiang also said cooperation and coordination between remote and advanced areas is a good way to hasten development in the former.

The opening of the minority areas has speeded up in the past few years, said Wang Fulin, an official from the commission's finance and economics department. The minority provinces and regions have worked out preferential policies for the use of foreign capital.

In Guangxi Zhuang Autonomous Region, more than 250 contracts for \$570 million in foreign capital were signed from 1979 to 1986. Xinjiang finalized 20 contracts totalling nearly \$630 million from 1985-86. In 1986, Tibet saw a historic record of more than \$100 million worth of foreign trade and border exchanges. Last year, 11 departments under the State Council conducted studies of the minority areas in a bid to help trade and development, Jiang said.

He said the commission will help the entrepreneurs and enterprises in the coastal areas learn more about the minority regions and improve economic cooperation at all levels and in all possible ways.

Last year, the commission established 24 projects to help the poor areas; 18 have been carried out.

National unity efforts were also encouraged. At Tuesday's press conference in Beijing, the commission announced that the State Council at its April 23-29 meetings in Beijing will give awards to those who have made contributions to unity among the country's 56 nationalities.

Paper Stresses Coastal Area Development
HK110409 Beijing RENMIN RIBAO in Chinese
9 Mar 88 p 1

[Commentator's article: "Do Not Miss the Fine Opportunity Again"]

[Text] To resolutely and boldly organize implementation of the economic development strategy for the coastal regions is a major task in economic work at present.

The State Council has recently convened a forum on foreign trade work, a conference on reforms of the foreign trade setup, and the current conference on opening up the coastal regions. The core agenda of these meetings was to study how to fully implement the economic development strategy for the coastal regions. The great resolve and rapid action displayed fully illustrate how much importance is attached to this work by the CPC Central Committee and State Council, and how vigorously they are tackling it.

Time will not wait for us. At present readjustments are taking place in the international industrial structure, and a number of economically developed countries are switching labor-intensive industries and industries with high human labor input to relatively cheap countries and regions, and are expanding their foreign investment. This excellent international opportunity exists objectively, and it depends on us whether we seize and use it with a sense of urgency.

The experiences of history tell us that excellent opportunities in the international economy are always temporary things and even pass in a flash. There have been two similar opportunities since the 1950's. The first one we could not use because we were under blockade; the second we could not use because of the 10 years of chaos. As a result we missed the fine opportunity and fell behind. Although the present opportunity is similar to those two, the international situation has changed, in the sense that international competition is fiercer than on those two occasions, and if we fail to seize the chance, others will beat us to it. If we miss this chance, there is not likely to be another before the year 2000.

Some people say that "this is the business of the foreign economic relations and trade departments, and has little to do with us." This is wrong. Carrying out the economic development strategy for the coastal regions is of course very much bound up with foreign economic relations and trade, and very great advances must be made in the various aspects in this work, especially in the matter of structure, in order to adapt; however, this work is indeed

directly or indirectly linked to every department, locality, and enterprise, and even to every person. The national economy is an entity. In matters with a bearing on the overall picture, it is always the case that a slight move on one part may affect the situation as a whole. Just think, if there is movement in the coastal areas, how can this not have a bearing on the interior? If there is movement in foreign trade, how can this not have a bearing on domestic trade? If there is movement in production, how can this not have a bearing on circulation and scientific research? If there is movement in the central authorities, how can this not have a bearing on the localities? If there is movement in the leadership, how can this not have a bearing on the staff and workers? Hence, everyone must be concerned for and support the implementation of the economic development strategy for the coastal regions; and the work of all quarters and sectors, such as policy, rules and regulations, work style, work efficiency, and production, circulation, scientific research, and so on must meet the demand of large-scale imports and exports, with imports and exports following each other.

There is no doubt whatsoever that reforms of the economic structure must be deepened and perfected to further match the development of export-oriented economy. The current outstanding problems in the superstructure are that administration and management are backward, work efficiency is low, internal relations are uncoordinated, and there is mutual buck-passing and checking. The rules and regulations of certain departments are convenient for themselves, not for others. This has become a serious obstacle in the development of export-oriented economy. It is essential to deepen the reforms and seriously resolve these problems. All localities must set up a highly efficient and streamlined administrative command and management mechanism able to take charge of all aspects and unify the pace. It is particularly necessary to consider and to improve certain rules and regulations in banks, foreign exchange control and so on that do not suit the development of export-oriented economy in the coastal regions. Everyone is relatively satisfied with the methods of the customs service in supporting the development of export-oriented economy. Normally, the customs is the department most able to "choke people," yet they have succeeded in both doing their work well and making things convenient for others. Foreign businessmen have also praised Tianjin's work efficiency. All this shows that work in the cardinal links that do not suit the development of export-oriented economy can be rapidly improved; the problem lies in summoning up the resolve and making a real effort.

For the coastal regions to develop export-oriented economy and advance to compete and have a showdown on the international market is a highly complex systems engineering project that cannot be completed all at once. We should see our own strong points and favorable conditions, and also see the difficulty of this task. The international market is a place where changes occur

rapidly and there are many competitors; in addition, there is no big space awaiting us to advance to; instead, we must exert all our effort to advance amid a dense crowd. Viewing the country as a whole, we are indeed facing many difficulties, such as lack of sufficiently quick access to information, lack of sufficiently soundly-based legal system, relatively backward management, a relative shortage of talent and experience, and so on. Some comrades have put it well: Opportunities and challenges exist together, and hopes and difficulties exist together. We must have the idea of making long-term arduous efforts to clear the way. It would be better to regard the difficulties as being more than they really are and to do our work still more carefully rather than to take things lightly. Of course, this does not mean that we can move slowly. We must have a strong sense of urgency and of historical responsibility. Instead of sitting and waiting for the right conditions, we must actively create them; instead of being full of misgivings and apprehensions, we should boldly clear the way to forge ahead in the course of overcoming various contradictions.

Formulating good development plans is the guide for action in attaining our strategic goals. Although the strong points of each of the coastal regions are roughly similar, each region has its own strong points and characteristics. In formulating plans it is essential to proceed from reality and act in the light of local conditions; we must not treat all localities the same way irrespective of the actual conditions and mechanically copy the experiences of others. There are differences between the southern coastal regions adjacent to Hong Kong and Macao on the one hand and the northern coastal regions on the other; between old industrial bases and newly arising cities; between regions where light and textile industries are the mainstay and regions where the proportion of heavy industry is relatively great; and between regions with many township and town enterprises and regions with many large and medium-sized enterprises. There should be different development plans and measures to suit the different characteristics. Realistic plans match the laws of economic development and are bound to achieve their predicted results.

Brilliant achievements have been scored during the 9 years of reform; and people are spurred to forge ahead by viewing the future prospects. Acting in the spirit of speed, simplicity, and sound work, let us deepen the reforms, sweep away the obstacles to developing export-oriented economy, and show what we can do in the international market!

1988 Petrochemical Output Value Up Over 1987
OW111132 Beijing XINHUA in English 1110 GMT
11 Mar 88

[Text] Beijing, March 11 (XINHUA)—The output value of China's petrochemical industry totaled 6.5 billion yuan, up 11.2 percent over the same period last year, the China Petrochemical Corporation announced today.

During the 2 months, China processed approximately 112.7 million bbl [barrels] of crude oil, an increase of 3.9 percent over the same period last year.

Among the major petrochemical products, the output of ethylene, plastics, synthetic rubber, and synthetic fiber were 188,000, 165,000, 35,100, and 60,800 tons, respectively—increases of 68 percent, 51 percent, 46 percent, and 5.7 percent compared with the same period last year.

The output of urea, however, decreased by 3 percent compared with last year to reach only 657,700 tons as a result of the corrosion damage to an installation in the Guangzhou Petrochemical Complex.

Commentary Urges Birth Control in Year of Dragon
HK110658 Beijing RENMIN RIBAO in Chinese
7 Mar 88 p 1

["Weekly Commentary" by Xiao Yu (3469 7183): "A Worry in the Year of the Dragon"]

[Text] Many long and short articles have been published since entering the year of the dragon, and most of them are saying something auspicious for the year. I would also like to join in the fun. However, what I am going to say is not good but something to worry about.

Recently there has been a saying, I do not know where it originated, which has become quite popular among the people: "Give birth to a son of the dragon in the year of the dragon." When I visited my friends and relatives during the Spring Festival I often heard people say: A certain young man who originally wanted to have a child some years in the future, decides to have his child this year so that he can have a son of the dragon; some young unmarried people of marriageable age also want to get married and have their children this year so that they can have "double happiness in the year of the dragon." Since "the year of the dragon only comes once in 12 years and it is not easy to wait until the next one," many people want to have their children born this year. I am afraid that if this really happens the gynecology and obstetrics hospitals will be unable to cope with all the "sons and daughters of the dragon" this year.

"Give birth to a son of the dragon in the year of the dragon" is sheer nonsense without any scientific basis. However, some people have been talking about it with great interest and have even given some "proofs," trying to turn the absurd jest into a serious matter. Newspapers and journals have also published articles making the stormy sea stormier. For example, a certain daily published a piece of news on the second day of the first month of the lunar year entitled "Thirteen 'Babies of the Dragon' Born on the First Day of the Year of the Dragon." It said: "From 0000 to 2100 yesterday, 13 'babies of the dragon' were born in our city's people's hospital and the hospital for women and children," 7 of which there were boys and 6 girls. The father of the first "son of the dragon" told reporters excitedly that he felt very lucky. After this news spreads far and wide there will be the worry that this year's birth quota may be exceeded.

Our country has a large population but a weak basis. Birth control is an important and basic national policy and difficult work to do. If we are careless in implementing this policy we may suffer irretrievable losses. In recent years particularly, we have been faced with a new baby boom. The 1985 birth rate was higher than that of 1984, and the in 1986 it was even more serious. The birth rate that year reached 20.77 per thousand, while the natural growth rate reached 14.08 per thousand. According to State Statistics Bureau figures the birth rate and the natural growth rate in 1987 reached 21.04 and 14.39 per thousand respectively, and the total population increased by more than 15 million. These rates were all higher than those in 1986. Under such circumstances we should never slacken our efforts in birth control. If we do not exercise strict control in this respect, and if people of childbearing age vie with one another giving birth to their children this year, there will certainly be a statistics next year.

Some people may be influenced by feudalistic and superstitious ideas when they advocate "give birth to a son of the dragon in the year of the dragon," but there are still many other people who do not believe so. They just expect good luck for the year. In this regard I would like to provide them with another piece of information that in some places people are saying: "The year of the dragon is not a year of good luck." They also have a variety of reasons. Of course, this is equally as absurd as the abovementioned saying. Nevertheless, if the peak of the baby boom should appear this year it will inevitably bring great difficulties to our country, and it will certainly be very difficult for the "sons and daughters of the dragon" to go to nurseries and schools and get jobs in the future. In this sense it is not lucky at all.

It is really unwise to try to have "good luck" for the present at the risk of having worries in the future.

East Region

Han Peixin on 1988 Military Work in Jiangsu
OW110212 Nanjing XINHUA RIBAO in Chinese
1 Mar 88 p 1

[Text] On the afternoon of 28 February a joint meeting of directors of provincial and city People's Armed Forces committees and of first secretaries of the provincial military district and military subdistricts was held in Jiangsu. Han Peixin, secretary of the provincial party committee and first secretary of the provincial Military District party committee, addressed the joint meeting. He pointed out: "In the new year, while concentrating on economic work, leaders at all levels must care about and support military work. The provincial party committee should take the lead in setting an example in this regard in order to ensure simultaneous progress in both economic and military work." At the meeting Han Peixin affirmed and praised the work done by all military departments in the province. Discussing the tasks for military work this year, he urged leaders at all levels to do the following three tasks well: First, acting in accordance with the requirements of the 13th National Party Congress, we must strengthen education to enable people to understand the importance of national defense. The people of the province should be made to understand that without agriculture, there will be no stability; without industry, there will be no prosperity; and without commerce, there will be no liveliness or work. Moreover, they should also be made to understand that without troops, there will be no security. Second, we should do our best to care for and support legitimate production and business activities carried out by military units or organizations. We should support production projects undertaken by military units or military organizations in Jiangsu by giving them preferential treatment, such as tax deductions or exemptions. Third, we must continue to reform our military work. Reform of military work is aimed at raising the combat strength of the militia and the reserves, at expanding the productive forces, and at promoting the building of a socialist spiritual civilization. Zhen Shen, commander, and Yue Dewang, political commissar of the Military District, briefed the meeting on Jiangsu's military work achievements made in 1987.

Shandong's Weihai City Opens to Outside World
SK110446 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 10 Mar 88

[Text] With the approval of the State Council, the province's Weihai City was listed as a coastal city opened to the outside world. Thus, Weihai City became the 15th coastal open city of our country.

Shandong Military Leader Speaks on Afforestation
SK110441 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 10 Mar 88

[Text] Last year, the Jinan Military Region scored gratifying achievements in afforestation. The region planted a total of 1.98 million trees, overfulfilling the annual

tree-planting task by 13 percent. The region also built 13,000 mu of forests, planted 660,000 flower and bush trees, laid 263,000 square meters of lawns, and supported the localities to plant 1.55 million trees.

At the telephone conference on afforestation held by the Jinan Military Region on the afternoon of 10 March, Commander Li Jiulong called on various units to strengthen the tending and management of woods and trees this year in order to consolidate the achievements already scored in afforestation.

All units should make paid investment in afforestation, and accelerate the pace of afforestation. This year, the region plans to afforest 5,000 mu of land. At the same time, all units should pay attention to helping localities plant trees on a voluntary basis. They should regard this work as an important task of Army-civilian joint activity. They should also penetratingly and sustainedly conduct the all-people voluntary tree-planting campaign with practical action under the unified organization of the local governments.

Family Planning Successful in Shandong
OW101449 Beijing XINHUA in English 1237 GMT
10 Mar 88

[Text] Jinan, March 10 (XINHUA)—In China, especially in rural areas, it used to be believed that more children mean more happiness.

If a couple with one daughter ever decides not to have a second child, it would be considered unbelievable.

But rural dwellers in villages near Yantai, a coastal city in north China's Shandong Province, could be called an example of new trends surfacing in China's rural areas.

This area has 1.1 million married women of child-bearing age, and surveys made over the years show that 99.5 percent of them respect government family planning policies, a city family planning official said.

With permission, some couples living in rural areas are now allowed to have two children, the official said.

But in Yantai, almost 10,000 couples with single daughters do not want to have sons although they are allowed to.

Last year, 44,000 rural women in Yantai opted to have abortions after they got pregnant a second time, the official said.

"This change is partly due to the rising living standards in the countryside," the official said. "People are realizing that fewer children cuts down on living expenses."

In 1987, the rural sector of the city yielded 7.7 billion yuan in total income, 5.5 times the 1978 figure. And the same 1978-87 period also saw a 3.8-fold increase in the per capita income for Yantai peasants.

Shanghai Seals Record Foreign Trade Deals
OW110349 Beijing XINHUA in English 1508 GMT
10 Mar 88

[Text] Shanghai, March 10 (XINHUA)—Foreign and Chinese businessmen sealed deals worth 250 million U.S. dollars at Shanghai's sixth trade talks which closed here today.

The business volume was a record, especially for exports.

A spokesman for the trade talks said the exports of fodder, cotton textiles, clothes, bikes, sports shoes, pharmaceutical equipment, hardware, chemical materials and automobiles were in great demand.

The talks, attended by 1,800 foreign businessmen from 43 countries, included for the first time commercial houses.

Seventy apartments worth three million U.S. dollars were sold to foreign investors or their representatives in Shanghai and to compatriots from Hong Kong and Macao and Overseas Chinese.

Shanghai To Auction Land Use Rights
OW101321 Beijing XINHUA in English 1053 GMT
10 Mar 88

[Text] Shanghai, March 10 (XINHUA)—The Shanghai municipal government will auction the right to use a 1.29 hectare plot in the city's Hongqiao Economic and Technological Development Zone to bidders from all over the world.

According to a municipal official, the bidding will begin March 22, with 16 foreign firms already expressing interest in the site.

The land is zoned for hotels, office space, housing and multi-purpose buildings, the official explained, adding bids will be accepted on all or part of the plot, with preference given to those made for the whole plot.

West Shanghai's Hongqiao Development Zone covers 65.2 hectares, and is 5.5 kilometers away from the airport and 6.5 kilometers from downtown.

The zone is already the home of 9 foreign-funded and state-owned enterprises which boast investments of 482 million U.S. dollars, of which 210 million were put in by foreign partners.

The bid winner will not only enjoy state and municipal preferential policies on foreign investment, but will also be able to take advantage of those specifically written for the zone, the official said.

More Farmland Contracted to Zhejiang Farmers
OW101116 Beijing XINHUA in English 0653 GMT
10 Mar 88

[Text] Hangzhou, March 10 (XINHUA)—As China's market economy spreads in the country's rural areas, more individually-run farms and crop-growing co-ops are being set up in east China's Zhejiang Province.

Most of the managers of these farms and co-ops are experienced farmers or agro-technicians who have left their jobs and contracted land from other farmers who were not able to manage their contracted plots, or taken over plots from farmers who want to work in township enterprises.

A provincial government official said this re-contracting of farmland usually takes place in areas where township enterprises are booming and accounting for the major part of local incomes.

To date, 300,000 families in Zhejiang Province have contracted an average 0.6 hectares of land, three times the average amount of land managed by each family in the past.

Zhejiang's Yinxian County now has 157 individually-managed farms and 5,000 families specializing in crop-growing. Although they account for only 3 percent of all the families farming in the county, they contracted 4,600 hectares of [words indistinct] provided the local agricultural department with one third of the total grain needed to meet the state purchasing quota.

The concentration of farmland in the province has led to the increased use of mechanization and thus greater efficiency and higher crop yields, a local government official said.

Reform Attracts Investors to Zhejiang
OW100733 Beijing XINHUA in English 0210 GMT
10 Mar 88

[Text] Hangzhou, March 10 (XINHUA)—China's reform and open policy have led to a growing presence of foreign-funded enterprises in Zhejiang Province in east China.

Of the 133 foreign-funded enterprises registered in the province, 77 are in operation and 38 recorded profits by the end of last year.

They include 109 joint ventures, 22 jointly-run enterprises and two purely foreign-funded ones with a total registered capital of 196 million U.S. dollars and a total investment of 405 million U.S. dollars.

The foreign investors are from a dozen countries and regions but mainly Hong Kong, Macao, Japan and the United States.

Central-South Region

Guangdong CPC Releases Recruitment Figures *HK110831 Guangzhou Guangdong Provincial Service* *in Mandarin 0400 GMT 8 Mar 88*

[Text] Last year our province recruited a total of more than 90,000 new party members, an increase of over 4,000 compared with 1986. This group of new party members has the following characteristics:

First, they are relatively well-educated. Sixty-seven percent of them received education at and above senior middle school levels.

Second, they are relatively young. Sixty-one percent are under the age of 35.

Third, many of the newly recruited party members are working on the production frontline.

Most party organizations at the grass-roots level have formulated plans for recruiting new party members and insist on having qualified party members. However, party organizations of a few units have ignored the quality issue in recruiting new party members.

Relevant departments under the provincial party committee demand that from now on, in recruiting new party members, it is imperative to give first place to quality, strictly follow admission procedures, and only recruit mature people.

Guangdong Adopts Special Policies Toward Cities *HK110849 Guangzhou Guangdong Provincial Service* *in Mandarin 0400 GMT 8 Mar 88*

[Text] The provincial people's government recently decided to adopt preferential policies for the four newly established cities in our province, namely, Qingyuan, Heyuan, (Shanwei), and Yangjiang. Counties and districts under the newly established cities, which have been designated as parts of the coastal and Zhujiang Delta economic development zones, will be offered preferential policies and treatment in accordance with the relevant regulations of the State Council. Those cities and counties that have favorable conditions and are in advantageous geographical positions will be offered some special preferential policies. Priority will be given to examining and approving applications for building new projects and rebuilding old projects in the newly established cities. Efforts will be made to strengthen the building of railway lines and to improve highways in the newly established cities, in order to enable such projects to be listed as part of the province's plan as quickly as possible.

As for financial allocations, credit, funds, and financial subsidies for the newly established cities in 1988, these cities will given the same amount that they were given in 1987.

Relevant departments under the provincial authorities must actively support the newly established cities by providing them with much needed qualified personnel and offering them transfers of scientific and technical know-how on favorable terms.

Guangdong Commercial Organs Promote Export *HK110141 Guangzhou Guangdong Provincial Service* *in Mandarin 1030 GMT 8 Mar 88*

[Text] Guangdong province has set up a total of 295 commercial organs and enterprises in North America, Western Europe, Japan, Southeast Asia, Hong Kong, and Macao. These new enterprises are good at studying foreign experiences in running enterprises. They have implemented the system in which the general manager assumes full responsibility under the leadership of the board of directors. They have also been bold in using local qualified personnel. Most of them have achieved good economic returns. According to statistics, last year the sales of Guangdong exports including sales on a commission basis as promoted by these overseas enterprises exceeded \$1 billion. The foreign investments in building the Guangdong export production system they absorbed last year totaled \$320 million.

Shenzhen Continues To Build Infrastructure *OW110353 Beijing XINHUA in English 1503 GMT* *10 Mar 88*

[Text] Shenzhen, March 10 (XINHUA)—Shenzhen will spend 2.2 billion yuan this year building infrastructure projects to improve the local investment conditions, Deputy Mayor Li Chuanfang announced today.

Priority will be given to construction of projects in power and water supply and telecommunications and workshop buildings, said Li at a meeting of city officials.

Capital construction funds actually used last year amounted to 2.1 billion yuan, up 12.3 percent over 1986.

But, according to the deputy mayor, infrastructure facilities are still far from being enough to meet the growing demand.

All workshop space completed in 1986 was sold out in the first half of last year, he said, adding that at present, no such space is available to investors.

The city government plans to collect surcharges on the use of land space and infrastructure facilities including sewage discharge systems.

The funds thus raised will again be used to build new infrastructure facilities, he said.

Stresses Party, Government Separation
21 Nanning Guangxi Regional Service
in 1030 GMT 7 Mar 88

How are we to successfully implement the separation of party and government, improve work methods and styles, and raise working efficiency under the new situation?

At a meeting of secretaries general and general office directors from all prefectural, city, and county party committees which concluded on 5 March, noted: Secretaries and general office directors at all levels must earnestly practice what they advocate, do well in being their committees' advisers and assistants, and make contributions realizing the separation of the functions of party and government. [passage omitted]

Chen Take Part in Tree Planting
21 Nanning Guangxi Regional Service
in 1030 GMT 10 Mar 88

On 9 March, there was a hubbub of voices at a (wupuo) afforestation site in (Dateng) township, () county. Flags were fluttering there. On this day 600 cadres from the general offices of the Guangxi regional party committee and autonomous people's government dug fields for planting trees at the site, a mountain slope where the general office was under contract to plant trees.

At the voluntary tree planting activities on this day, Chen Huiguang, Wei Chunshu, Jin Baosheng, (Lin) (Guo Xiquan), Gan Ku, Chen Ren, (Wei Ruilin), (), and (Li Licheng), leading comrades from the Guangxi regional party, government, and military organizations. [passage omitted]

County Made Hepatitis Research Center
20 Beijing XINHUA in English 0704 GMT

Nanning, March 11 (XINHUA)—Longan County, Guangxi Zhuang Autonomous Region, where the incidence of Hepatitis B is high, has been designated an experimental center for the study of the disease. The county is to be assisted by a U.S. dollars 380,000 grant from the World Health Organization.

1,000 children under the age of 10 have so far been infected. The Guangxi Regional Epidemic Prevention Center has been studying the causes of the virus and preventative measures since the 1970s.

Leader Outlines Development Goals
23 Haikou Hainan Island Service
in 1100 GMT 8 Mar 88

The Hainan island conference on agriculture and reclamation has concluded satisfactorily. In his speech delivered yesterday, Comrade Liang

Xiang, deputy secretary of the Hainan Island CPC Preparatory Committee, analyzed the new Hainan situation, put forward new tasks, (words indistinct), and discussed special policies to be adopted under the new situation.

Liang Xiang said: The special policies being implemented in Hainan are more special than those implemented by special economic zones. The opening up of Hainan will be an opening up at the highest level. Hainan is also an experimental ground for China in carrying out avant-garde (chao qian) political and economic structural reforms.

Referring to the current tasks and objectives, Liang Xiang said: We must spend 3 to 5 years on laying foundations, achieve major development in 5 to 7 years, and reach the well-off level by 1995. [passage omitted]

In his speech, Liang Xiang put forward three tasks for the Hainan agricultural and reclamation system:

First, the system should actively participate in the great international circle. It should learn to survive and develop through international exchange and competition. [passage omitted]

Second, the system should provide undersupplied goods and materials for the domestic and Hainan island markets. And, it should provide more agricultural and sideline products for people in urban and rural areas.

Third, the Hainan agricultural and reclamation system should actively lead rural areas to break away from poverty and achieve prosperity.

In conclusion, Liang Xiang demanded that cadres, staff members, and workers of the Hainan agricultural and reclamation system uphold reforms and opening up, regard markets as their guide, be based on large-scale agriculture, and actively develop processing and manufacturing industries as well as tertiary industry. He also demanded that these people build the system into an export-oriented, comprehensive, and large group of companies which develops trade, agriculture, and industry simultaneously, and maintains close, coordinative links with the relevant parties at home and abroad.

Hainan Leader on Implementing Special Policies
HK110847 Haikou Hainan Island Service
in Mandarin 1100 GMT 7 Mar 88

[Excerpts] Xu Shijie, secretary of the Hainan CPC Committee for Establishing Hainan Province, yesterday afternoon delivered an important speech at a Hainan Island conference on agriculture and reclamation. Over 500 cadres from various (?) cities and the agriculture and reclamation system attended the conference. [words indistinct] [passage omitted]

Xu Shijie said: Comrades working in Hainan must study and understand the special policies adopted for Hainan, and be bold and adept in implementing such policies. [passage omitted]

Xu Shijie said: General Secretary Zhao once made a clear and definite statement: All restrictions have been relaxed for Hainan Island with the exception of two points. First, Hainan must not go in for reselling foreign commodities at a profit. Second, the interior of our country must not use the special policies adopted for Hainan to go in for illegal procurement of foreign exchange and tax evasion. In implementing such special policies, we must pay attention to these two points. [passage omitted]

Xu Shijie said: Our agricultural and reclamation departments must ensure implementation of the principle for separation of ownership and management, adopt multi-form contracted management responsibility systems, lead the competitive mechanism into enterprises, and perfect all internal administrative systems. [passage omitted]

Hainan Leader Discusses Foreign Investment
HK110227 Haikou Hainan Island Service
in Mandarin 1100 GMT 8 Mar 88

[Text] **Xu Shijie**, secretary of the the Hainan CPC Committee for Establishing Hainan Province, yesterday afternoon met at the (Qiongyan) Guesthouse with Mr Pratt, consul general of the U.S. Consulate General in Guangzhou, and Ms. Sun, commercial consul of the U.S. Consulate General, who are visiting Hainan. Xu Shijie welcomed their visit.

Xu Shijie briefed the American guests on the special preferential policies adopted for Hainan by the central authorities. He expressed the hope that more foreign friends will do business or go sightseeing in Hainan.

Referring to foreign exchange balance problems among foreign businessmen with investments in enterprises in Hainan, Xu Shijie said: After making money in Hainan, enterprises involving foreign investments only, joint ventures using Chinese and foreign investments, and cooperative enterprises can freely take money from their enterprise foreign exchange accounts and remit them to places outside China. In addition, in remitting such money, they do not have to pay income tax on remittance. We shall establish a market for regulating foreign exchange activities, with the purpose of enabling all enterprises to take part in regulating the supply and demand of foreign exchange. The exchange rate for regulatory purposes will be a floating rate. In addition, the range of foreign exchange regulatory activities will be expanded.

Referring to management issues regarding enterprises involving foreign investments only, Xu Shijie said: It goes without saying that the relevant foreign businessmen should enjoy managerial and administrative power

as well as personnel management power over such enterprises in Hainan. If foreign investments account for larger proportions in joint ventures using Chinese and foreign investments, foreign businessmen can become chairmen of the boards after the two sides have agreed on such arrangements and getting the approval of the responsible department. Such joint ventures can also decide on their personnel management power. We shall establish a special court to accept and hear cases involving foreign businessmen who want to enter lawsuits for settling and adjusting disputes in Hainan.

Mr Pratt said: From now on, we must strengthen contacts between Guangzhou's U.S. consulate and Hainan.

Mr Pratt said: Although this is my first visit to Hainan Island, I am sure that it is not my last visit to this island.

Attending the meeting were responsible persons from the Hainan Committee on Foreign Economic Relations and Trade and the Hainan Office for Foreign Affairs.

Henan Leader on Aiding Poor, Disaster Relief
HK110535 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 7 Mar 88

[Text] **Hu Xiaoyun**, deputy secretary of the provincial party committee and vice governor of the provincial government, spoke at a provincial work conference on providing disaster relief through production. The conference was held by the provincial people's government and concluded on 7 March. Hu Xiaoyun stressed in his speech: We must resolutely overcome our slackening of vigilance, and do well in making meticulous preparations for this spring's work of providing disaster relief through production. We must also ensure that people in disaster areas can safely tide over difficulties created during the spring crop failure, create a stable social environment, and contribute Henan's economic construction as quickly as possible.

On the basis of summing up the achievements and experiences in providing disaster relief through production carried out since last winter, the conference noted: From now on, our work of providing disaster relief through production must lay equal stress on bringing about temporary solutions and getting at the root of problems. It must also integrate free disaster relief with compensated support. On the premise of successfully making preparations for the livelihood of those victims of natural calamities who are incapable of helping themselves, 30 percent of the total disaster relief funds will be used as loans for helping victims of natural calamities with material difficulties to develop production.

We must strengthen leadership over the established foundations for providing disaster relief and helping the poor, and the mass mutual funds. We must assist them in establishing and perfecting their management systems. Funds and goods earmarked for disaster relief must not be diverted to any other purpose. We must expand the

accumulation of funds, increase the turnover rate of funds, and give full play to the role played by funds in providing disaster relief and supporting the poor. Those counties, townships, and villages that have not established foundations and mass mutual funds yet, must conscientiously adopt measures to establish them as quickly as possible. We must consolidate and expand those welfare enterprises engaged in providing disaster relief and supporting the poor. We must enable them to do a still better job of serving poor people and victims of natural calamities.

We must actively establish new economic entities engaged in providing disaster relief and supporting the poor. We must create more employment opportunities for the poor and victims of natural calamities.

Henan Commentary Scores Cadres' Malpractices
HK111129 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 8 Mar 88

[Henan Radio and Television News Center Commentary: "Ponder Problems Rather Than People"]

[Excerpts] People usually describe turning a problem over in one's mind as pondering a problem. As long as a person is sane, he is bound to ponder some problems. However, people with different ideological levels and sentiments have different targets to ponder. In real life, some people always ponder problems. They have devoted themselves to a cause; they love their work. However, some other people are enthusiastic about pondering people, creating frictions, dragging others into a mire, punishing others, and creating trouble out of nothing.

If we carefully observe various units, we will see the following phenomena: In units with an unhealthy atmosphere, inefficiency, and numerous problems, those engaged in pondering people definitely outnumber those engaged in pondering problems. [passage omitted]

Leading cadres must concentrate their energy and thoughts on pondering problems. [passage omitted]

Comrade Zhou Enlai toiled all his life for the people's cause. He bent his back to his task until his dying day, thus showing a shining example for vast numbers of cadres. Now is the time to carry out reforms. All business remains to be promoted. Time is running out. Numerous tasks concerning the great cause of the four modernizations remain to be undertaken. Cadres at all levels must inspire enthusiasm, devote themselves to reforms, work conscientiously, spend more time pondering ways to successfully handle affairs and perform good deeds, and develop their abilities to the full at their posts. [passage omitted]

Although some cadres are incapable of doing solid work, they are good at punishing people and playing tricks, such as lodging the so-called written complaints against

others with their superiors, collecting dissenting comments, spreading gossip, carrying out factional activities, and creating divisions. Some other cadres concentrate their attention on ingratiating themselves with their superiors and resorting to boasting, flattery, and touting. [passage omitted]

To stop the practice of concentrating on pondering people, we must rely on education and mold public opinion to regard pondering problems as something glorious and pondering people as shameful conduct. In addition, we must rely on management, implement the target management system at all levels, clearly define the duties incumbent on each person or post, and ensure that tasks are assigned to those who have nothing to do, with the purpose of making them too busy to gossip. We must also rely on law and discipline. Regarding those engaged in starting rumors, making libelous statements, lodging false accusations, and maligning others, we must take legal sanctions against them and must also enforce party and administrative discipline upon them. Only by so doing can we overcome obstructions, encourage healthy trends, and ensure that cadres at all levels can concentrate their energy on promoting reforms and construction.

Hubei's Guan on Important Role of Entrepreneurs
HK110749 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 7 Mar 88

[Excerpts] On 5 March, Guan Guangfu, secretary of the provincial party committee, and (Zheng Mingfei), Standing Committee member of the provincial party committee and secretary of the Wuhan City party committee, inspected the Wuhan Turbogenerators Plant.

Guan Guangfu and (Zheng Mingfei) fully affirmed the achievements scored by the Wuhan Turbogenerators Plant in enlivening the management mechanism, bringing the initiative of entrepreneurs into full play, and actively exploring ways to develop enterprises with Chinese characteristics through reforms, opening up, science, and a realistic spirit. [passage omitted]

Guan Guangfu said: Our party and government organizations must protect and support entrepreneurs and create conditions for the growth of entrepreneurs and for giving full play to their intelligence and wisdom. The success of a good enterprise relies to a great extent on the good performance of its director. A factory director who does not care about his factory's product quality and reputation is not a good director. A factory director who is not concerned with the well being of his staff members and workers is also not a good director. The progress of enterprises, economic development, and the building of the two civilizations all need the leadership of many good factory directors and outstanding entrepreneurs. [passage omitted]

Hubei Leader on Improving Propaganda Quality
HK110801 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 8 Mar 88

[Excerpts] Guan Guangfu and Qian Yunlu, secretary and deputy secretary of the provincial party committee, yesterday morning held a dialogue with responsible persons from propaganda departments under provincial departments in a conference room of the (Hongshan) auditorium. They had a wide-ranging and lively dialogue on ways to publicize reforms and carry out propaganda reforms.

During the dialogue, Comrade Guan Guangfu said: The principal aspects of Hubei's propaganda work are good. Our propaganda work is faced with the task of improving quality and is not confronted with any issues regarding orientation.

Comrade Guan Guangfu repeatedly stressed the necessity of improving the quality of our propaganda ranks for adapting propaganda work to the new situation of reform and opening up. [passage omitted]

Comrade Guan Guangfu said: In addition to news units, party and government leaders at all levels must also not go in for promoting any sort of sham. It is imperative to uncompromisingly struggle against shams. [passage omitted]

(Li Dehua), deputy director of the propaganda department under the provincial party committee, presided over yesterday's dialogue.

North Region

Nei Monggol Official on Market Reforms
SK110533 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 10 Mar 88

[Text] Bu He, chairman of the regional government, attended the regional conference of directors of league and city supply and marketing cooperatives held on 10 March. He pointed out that supply and marketing cooperatives should change their functions from simply administrative management to operational and managerial service, set up economic associations among each level, and adopt realistic steps for deepening reform.

Bu He said: Through reform over the past few years, supply and marketing cooperatives throughout the region have made notable achievements in improving economic results and social benefits. Last year, the region registered substantial increases in various economic targets, and handed over more than 100 million yuan of taxes to the state. All of this has greatly contributed to promoting the region's economic work.

He said: Supply and marketing cooperatives throughout the region have more than 100,000 staff members and workers. More than 1,200 grass-roots supply and marketing cooperatives and more than 16,000 service centers, which are distributed among each and every corner in the rural and pastoral areas, play a role as a bridge for promoting the goods and material exchange between urban and rural areas and promoting the industrial, agricultural, and livestock production. At the same time, the state also assigns a task to the supply and marketing cooperatives for purchasing, marketing, and storing up major commodities. Therefore, all relevant departments should support the work of supply and marketing cooperatives.

Bu He stressed: The key to deepening the structure reform of the supply and marketing cooperatives is to change the ownership from the state to the civilians; to change the distribution system from the practice of everybody eating from the same big pot to the practice of payment according to work; to really restore supply and marketing cooperatives' characteristics of mass organization, democratic management, and flexible operation; to increase the amount of money paid for shares of peasants and herdsmen; and to encourage peasants and herdsmen to become shareholders of the cooperatives.

With regard to perfecting the service system of supply and marketing cooperatives, Bu He said: Supply and marketing cooperatives are allowed to engage in business in line with the masses' demands. Since there is a well-known phrase at present—opening up to all directions, I think that supply and marketing cooperatives should add another phrase—offering service to all directions.

Bu He called on responsible comrades at all levels to strengthen leadership over the work of supply and marketing cooperatives, to create relaxed environments for reform, to relax policy restrictions, and to open green lights for supply and marketing cooperatives' reform work.

Nei Monggol Congress Committee Meeting Ends
SK110445 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 10 Mar 88

[Text] The 27th Standing Committee meeting of the 6th regional People's Congress concluded today. The meeting decided to convene the first session of the seventh regional People's Congress in Hohhot on 25 May.

The meeting pointed out: The forthcoming first session of the seventh regional People's Congress is a meeting of extreme importance. In addition to examining and discussing several reports, the session will elect members of the regional People's Congress Standing Committee and leaders of the next regional government, People's Procuratorate, and People's Court. Since this is a great matter relating to the political activities of the people of various nationalities throughout the region, the people have

showed great concern for the convocation of the session. All localities should make good preparations for the convocation of the session at an early date in order to ensure its smooth progress.

The 27th Standing Committee meeting of the 6th regional People's Congress opened on 5 March.

Today's plenary session also approved Hohhot City's methods on urban construction and settlement for removed houses. It adopted, in principle, the report on the main points of the 1988 work of the regional People's Congress Standing Committee.

Batubagen, chairman of the regional People's Congress Standing Committee, presided over the plenary session and made a speech at the session.

Butegeqi, vice chairman of the regional People's Congress Standing Committee, explained the opinions on revising the draft methods of Hohhot City on urban construction and settlement for removed houses.

Attending the session were vice chairman of the regional People's Congress Standing Committee, including Zhou Beifeng, Seyinbayaer, and Chao Luomeng. Attending the session as observers were Zhang Hangong, vice chairman of the regional government; Yang Dalai, president of the regional Higher People's Court; and Wang Linzhong, chief procurator of the regional People's Procuratorate. Also attending were responsible persons of the People's Congress Standing Committees of the cities with districts and some banners, counties, and districts; responsible persons of the offices in charge of People's Congress work of leagues; and responsible persons of the commissions under the regional People's Congress Standing Committee, the office of the regional government, and the regional Agricultural Commission.

Nei Monggol Economic Work Conference Ends
SK110545 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 10 Mar 88

[Text] The regional economic work conference concluded on 10 March. It stressed: Grasping the key link of enlivening enterprises, particularly, large and medium-sized enterprises, and the basic goal of increasing economic results; and coordinating, perfecting, deepening, and developing the contracted management responsibility system is the key to developing production, improving work efficiency, and increasing revenue. Thus, all localities should concentrate their energy and give careful guidance to bring into full play the power of the contracted management responsibility system in the new year.

The conference pointed out: In 1988, state enterprises throughout the region should comprehensively carry out the contracted management responsibility system. Meanwhile, small enterprises throughout the region should positively carry out the leasing management system while generally implementing the contract

responsibility system. Small enterprises where conditions permit are allowed to carry out the shareholding system on a trial basis. State commercial enterprises and large and medium-sized enterprises should comprehensively carry out the dual contract system while small commercial enterprises should vigorously carry out the leasing management system. Enterprises where the contract system is introduced should work out long-term management strategic goals and plans. Enterprises whose long-term development plans are not perfected should try to improve their plans.

The conference urged: All localities should expand and bring into play the functions of the competition mechanism in the contract system. They should extensively adopt competition through public bidding in order to expand the functions of the competition mechanism. This is an important task for perfecting the contract management responsibility system. The major points to coordinate the mechanisms within the enterprises are to reform the distribution and labor personnel affairs systems, to set up the organizations for promoting scientific and technological progress, to introduce competition mechanism into enterprises, to promote the organizational reform of enterprises, to achieve the optimum organization of laborers, to fully arouse the enthusiasm of staff and workers for bringing their role as masters into play, to change the contract own by a manager into one own by the whole staff and workers, and to change the risks run by a manager into one by the whole staff and workers.

The conference pointed out: Enterprises' backward management is the region's greatest weakness at present. Therefore, improvement of enterprise management is a task of the most practical importance. This year, it is necessary to popularize, in line with reality, the full workload method, the establishment of in-factory banks, and various types of effective modern management methods. Efforts should be made to ceaselessly improve and develop various types of management systems in order to make them better suit the actual conditions of localities and enterprises. Efforts should also be made to fully tap the potential of enterprises, to gradually realize the intensive management of enterprises, and to strive to increase labor productivity.

Police Sent To Protect Northern Grasslands
OW110113 Beijing XINHUA in English 1605 GMT
10 Mar 88

[Text] Hohhot, March 10 (XINHUA)—China's first police detachment specializing in grassland protection was sent today to the Ujimqin grassland of the Xilin Gol League near the borders of China and the Mongolian People's Republic.

The detachment, stationed in Xi and Dong Ujimqin banners, will also keep watch on fires at the other side of the border.

Candidates for Official Posts in Shanxi Rejected
OW101606 Beijing XINHUA in English 1534 GMT
10 Mar 88

[Text] Taiyuan, March 10 (XINHUA)—Five of 38 nominees for senior official posts in Shanxi Province were rejected by the Standing Committee of the 7th Shanxi Provincial People's Congress which closed its second session here today.

The nominations for provincial bureau directors were submitted to the session for approval, and the five failed to win the majority vote in a secret ballot held by the committee members.

According to provincial officials, this indicates dramatic changes to local people's congresses, the organs of power in their corresponding administrative areas.

Before the Standing Committee session opened, members of the committee had received a stack of materials on each nominee's personal history, educational background and competence in work.

During the session, provincial Governor Wang Senhao again briefed the committee members on the nominees.

This was followed by verbal reports made by the nominees to the session on what they planned to do to implement the decisions of the first session of the provincial People's Congress Standing Committee.

Some made self-criticisms for their past errors in work.

Tianjin Exports Increase 35 Percent in 1988
OW110455 Beijing XINHUA in English 0245 GMT
11 Mar 88

[Text] Tianjin, March 11 (XINHUA) — Tianjin port earned 285 million U.S. dollars in foreign exchange in export shipments in the first two months of this year.

The amount was 35 percent higher than the same period last year, the municipal foreign trade bureau said.

Foreign exchange earnings were up 30 percent for companies dealing in metals and minerals, local products, woolen blankets and equipment for recreational and sports activities.

Compared with the same period last year, exports of garments increased by 94 percent, and electronics, 13 times.

A bureau official attributed the marked increases to the development of processing with imported materials and parts and compensation trade.

Tianjin Holds KMT Committee Congress
SK102358 Tianjin City Service in Mandarin
2330 GMT 9 Mar 88

[Text] The sixth congress of the Tianjin Municipal Kuomintang Revolutionary Committee opened on the afternoon of 9 March. Some 183 representatives from various fronts throughout the municipality attended the congress. These attendees included veteran comrades who had long cooperated or worked together with the CPC, faithfully rendered service to socialist undertakings, and made marked contributions, as well as new members emerging in the 1980's, who had made increasing progress, been the prime of life, and ardently cherished the work the KMT Revolutionary Committee.

During the congress, delegates will review or summarize the work done over the past 4 years by taking the spirit of the 13th CPC Congress as guidance and will make further work arrangements.

Major items on the congress' agenda are to hear and discuss the work report of the fifth municipal KMT Revolutionary Committee and to elect the sixth municipal KMT Revolutionary Committee.

Attending the opening ceremony of the congress to extend congratulations were leading comrades from the municipal party committee, the municipal People's Congress, the municipal people's government, and the municipal CPPCC Committee, including He Guomo, Shi Jian, Lu Xuezheng, Zhao Jinsheng, Zhou Ru, Huang Difei, Yang Tianshou, Yu Songting, and Liao Canhui.

Peng Qingyuan, vice chairman of the Central KMT Revolutionary Committee, also made a special trip from Beijing to attend the congress. He extended congratulations on the occasion.

Tianjin To Hold People's Congress in May
SK102322 Tianjin City Service in Mandarin
2300 GMT 9 Mar 88

[Excerpts] The 41st Standing Committee meeting of the municipal People's Congress was held on 9 March. The meeting decided to hold the 1st session of the 11th municipal People's Congress this May. Participants in the meeting studied and discussed Comrade Zhao Ziyang's important speech on strategic issues concerning the economic development of coastal areas. [passage omitted]

Tao Yimin, director of the municipal Public Security Bureau, delivered a report on banning gambling, on behalf of the municipal people's government. Participants in the meeting listened to and examined the report.

Present at the meeting were Zhang Zaiwang, chairman of the municipal People's Congress Standing Committee; and Zhao Jun, Liu Zengkun, Han Tianyao, Yu Fujing, and Shi Jian, vice chairmen of the municipal People's

Congress Standing Committee. Attending as observers were Wang Yongchen, president of the municipal Higher People's Court, and Zhang Dequan, deputy chief procurator of the municipal People's Procuratorate.

Following is the decision on holding the 1st session of the 11th municipal People's Congress, adopted by the municipal People's Congress Standing Committee:

The 41st Standing Committee of the 10th municipal People's Congress decided to hold the 1st session of the 11th municipal People's Congress this May. The suggested items for the session's agenda are: Elect a chairman, vice chairmen, a secretary general, and members of the Standing Committee of the 11th municipal People's Congress; elect a mayor and vice mayors of the municipality; elect a president of the municipal Higher People's Court; elect a chief procurator of the municipal People's Procuratorate; listen to the work report of the municipal people's government; examine and approve the report on the 1988 municipal plan for economic and social development; listen to the report on the implementation of the 1987 municipal financial budget and the report on the 1988 financial budget; and listen to and examine the work report of the Standing Committee of the municipal People's Congress, the work report of the municipal Higher People's Court, and the work report of the municipal People's Procuratorate.

Northeast Region

Heilongjiang's Sun Weiben Speaks on Safety Work
*SK110647 Harbin Heilongjiang Provincial Service
in Mandarin 1000 GMT 10 Mar 88*

[Excerpts] The provincial government held a provincial radio and television rally on safety work at 1430 on 10 March. The rally was held to better implement the guidelines of the State Council meeting on routine work, and extensively and penetratingly mobilize all levels of leaders and the large number of the masses to pay attention to safety work. The central meeting hall of the rally was set up at the studio of the Heilongjiang Television Station. Four branch meeting halls were set up in Harbin, Daqing, Jixi, and Suihua cities.

Among those leading comrades of the province present at this rally were Sun Weiben, Hou Jie, Zhou Wenhua, Wang Haiyan, Bai Jingfu, Du Dianwu, An Zhendong, Du Xianzhong, (Zhong Kewen), and (Jin Yong). Also present were (Wang Xin), and (Chen Degui), leader of the PLA units stationed locally. The rally was presided over by Vice Governor Du Xianzhong. At the rally, on behalf of the provincial party committee and the provincial government, Governor Hou Jie made overall arrangements for implementing the guidelines of the meeting on the routine work of the State Council, and for achieving success in the province's safety work. Leading comrades of Harbin City, and five

other units delivered speeches at the rally. In conclusion, Sun Weiben, secretary of the provincial party committee, made a speech on how to successfully conduct safety work. [passage omitted]

In his speech, Governor Hou Jie said: We should note that our province has not yet changed its backwardness in production safety; the safety situation has been very unstable. In January, 58 persons died from industrial accidents. This is a 31.8-percent increase over the corresponding period last year. Thus far, serious vicious accidents have not been controlled. Since the beginning of this year, six serious accidents took place in succession in the province. The direct reasons for these accidents were that some pertinent people lowered their guard, refused to abide by laws and regulations, worked in violation of regulations, acted recklessly, and were confused in management. [passage omitted]

After Governor Hou Jie made overall arrangements for the province's safety work, Sun Weiben, secretary of the provincial party committee, emphatically stressed: Provincial party and government leading bodies and leading cadres at all levels should immediately go into action to grasp the safety work. Sun Weiben pointed out: We should do a good job first in ideology, second in practical work, and third in leadership, and should attach importance to safety work in order to ensure the smooth progress of reform and construction.

Liaoning Democratic League Congress Concludes
*SK110651 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 10 Mar 88*

[Text] The Seventh Liaoning Provincial Congress of the China Democratic League concluded today. This morning the congress elected the Eighth Liaoning Provincial Committee of the China Democratic League, and the 24 provincial delegates who will attend the league's sixth national congress. The Eighth Liaoning Provincial Committee of the China Democratic League is composed of 72 members. Of these, 31 are new members, amounting to 43.1 percent of the total number. The average age of the members is 4.3 years younger than that of the previous committee.

The resolution adopted at the congress called on all members of the league to update their ideas, and broaden their field of vision in line with the general trend of reform. The resolution also called on all the members to actively plunge into the practice of reform and opening up, and give full play to the important role of the China Democratic League in the political life of the state, and to its intellectual resources to make more contributions to accelerating the development of the export-oriented economy of the Liaodong peninsula, and revitalizing Liaoning.

The first plenary session of the eighth committee held in the afternoon elected (Gao Qingzhou) as chairman, and (Hong Ying), female; (Chen Shuzhen), female; (Wu Ruzhou), (Cheng Xinze), (Wang Hongjun), (Zhao Mingyu), (Lang Kui), (Zhu Weiyong), (Wu Chunfang), (Zhang Yumao), (Gu Xiujuan), female; and (Xu Tongxin) as vice chairmen of the committee. It also elected (Lang Kui) as the secretary general, and Gu Jingxin as honorary chairman of the committee.

Liaoning's Quan Attends Rally on Talented People
SK110601 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 10 Mar 88

[Text] At the Liaoning People's Theater in Shenyang this afternoon, the provincial party committee and government held a provincial rally on relaxing policies to promote the flow of talented people. More than 2,000 people attended the rally. Participating in the rally were Provincial leading comrades including Quan Shuren, Wang Guangzhong, Li Changchun, Xu Shaofu, Wang Julu, Shen Xianhui, Gao Zi, and Lou Erkang. Also attending were cadres above section chief level of provincial organs; and leading comrades of the colleges and universities, scientific research institutes, and large and medium-sized enterprises in Shenyang.

Zhu Jiazhen, Standing Committee member of the provincial party committee and provincial vice governor, presided over the rally. (Li Zhengzhi), director of the Shenyang Electric Machinery Plant, which is an outstanding example in the flow of talented people of our province, and four other comrades, and the Kuandian County party committee introduced their experiences at the rally. Shang Wen, Standing Committee member of the provincial party committee and director of its organization department, read several policy stipulations of the provincial party committee and government on relaxing control over and invigorating scientific and technical personnel, and promoting the flow of talented people. Sun Qi, deputy secretary of the provincial party committee, delivered a speech.

Comrade Sun Qi said in his speech: The key to accelerating export-oriented economy development of the Liaodong Peninsula, revitalizing Liaoning, and making a new step forward in the reform, opening up, and economic work of our province lies in relaxing control over talented people. The wisdom of the more than 800,000 scientific and technical personnel throughout the province was not fully developed in the past. The very purpose of today's rally is to create a more relaxed environment and favorable conditions for the flow of talented people. This will enable us to develop to the full our advantages in talented people. It will also enable talented people to make contributions to revitalizing Liaoning's economy.

Comrade Sun Qi said: To truly relax control over talented people, we should thoroughly change the numerous old ideas of respecting knowledge and talented

people, ideas that are compatible with the needs of the development of the commodity economy, and ideas that encourage competition. We should strive to provide a good social environment for the endless emergence and growth of talented people.

Comrade Sun Qi said: To invigorate talented people, and promote the flow of talented people and intellectual resources, we should: Clear the channels for the flow of talented people, establish and improve the mechanisms of relaxing control over and invigorating talented people, and successfully implement the stipulations formulated by the province so that the flow of talented people can be invigorated.

In addition to changing our ideas, we should first deepen the reform of the personnel system related to cadres, which is an issue of prime importance. We should eliminate the current closed talented people management system that impedes the flow of talented people, and establish a new mechanism that can truly promote the flow of talented people so that they can enter society and be selected by society. Second, we should establish and improve a mechanism of the market of talented people, and a mechanism of arbitration. Leading persons at various levels, various departments, and units should support the work of arbitration organs, and abide by their adjudication. Third, we should uphold the criteria for promoting productive forces, and implement the relevant policy stipulations of higher levels in a flexible way. In particular when certain policy stipulations of higher levels are not totally compatible with the actual conditions of our own localities, or when a great change has taken place in objective conditions, we should all the more be brave to proceed from reality, eliminate interferences from various sources, and adopt flexible ways. We should also proceed from reality to conduct explorations on areas concerning stipulations which have not been worked out by higher levels.

In his speech, Comrade Sun Qi stressed the need for strengthening leadership, and creating favorable conditions actively for the flow of talented people. He said: First, provincial organs, scientific research units, and colleges and universities should swing into action. Comrades with courage and insight to accomplish something should abandon the iron rice bowl and go places where talented people are most needed to develop their talents. Second, we should successfully analyze the situation in talented people, and promote the rational flow of talented people. Third, in relaxing control over the invigorating talented people, leading persons at various levels should help these people eliminate their worries about their homes. Supervision, discipline inspection, public security and judicial departments should provide protective measures for the flow of talented people. Industrial and commercial administrative, taxation and banking departments should relax the policies for it. And, cadre and personnel departments should change their thinking and workstyles. They should strive to do a good job in the exchange of talented people.

Northwest Region

Agricultural Production Increases in Northwest *OW101203 Beijing XINHUA in English 0931 GMT* *10 Mar 88*

[Text] Beijing, March 10 (XINHUA)—Three districts in northwest China have boosted agricultural output by 10 percent a year for the past five years.

These three districts include Gansu Province's Hexi area, and the central part of Dingxi Prefecture and the Xihaigu area of the Ningxia Hui Autonomous Region. The area includes 47 counties where 11.32 million people live, with these areas plagued by some of the worst conditions for agricultural production.

The State Council has designated these three districts as pilot areas for economic development in poor areas and has allocated 200 million yuan (54 million U.S. dollars) a year in special loans for agriculture since 1983.

Making good use of this state support, the area has added 60,000 hectares of irrigated fields and 140,000 hectares of terraced fields during the past five years.

Along with improved conditions, the area has seen the development of a market economy which is in line with local conditions and production in enterprises run by villages and towns has gone up.

The industrial output value of rural enterprises in the area hit 1.7 billion yuan (460,000 U.S. dollars) in 1987, with per capita annual income up 200 percent over 1982.

Since 1983, grain output in the area has been going up 5.2 percent annually, with animal husbandry output climbing 22.5 percent and the output of forest products up 12.5 percent over the past five years.

Gansu Teacher To Give Birth to Test-Tube Baby *OW101005 Beijing XINHUA in English 0650 GMT* *10 Mar 88*

[Text] Beijing, March 10 (XINHUA)—Zheng Guizhen, an elementary school teacher in West China's Gansu Province, is soon to become the mother of the Chinese mainland's first test-tube baby, today's "HEALTH NEWS" reported.

The baby's due date is March 19, but Zheng will have a caesarean section today at a hospital affiliated with the Beijing Medical Sciences College, reported Zhang Lizhu, a professor at the university.

Zheng, 39, failed to get pregnant because of disease which had obstructed her fallopian tubes. Last June, experts working in the hospital's obstetrics and gynecology department removed four ripe ova from Zheng's ovary and put them in contact with her husband's sperm. One fertilized egg was then returned to Zheng's uterus.

Chen Minzhang, minister of public health, recently visited Zheng and her doctors in the hospital.

Muslim Women in Ningxia Develop Careers *OW101358 Beijing XINHUA in English 1338 GMT* *10 Feb 88*

[Text] Yichuan, March 10 (XINHUA) — Muslim women in Ningxia Hui Autonomous Region in China's northwest are breaking tradition by playing an ever-expanding role in the local economy.

Currently 50,000 women of Hui or Islamic nationality are engaged in commercial businesses.

Recently 1,000 of them were commended and awarded for their contributions to the region's commodity economy.

By Hui customs and religious teaching, women were supposed to do household chores only. Those in commerce were considered "indecent".

But growing economic and political independence is changing all this, according to local officials.

An example is the family of Ma Lange where the roles of husband and wife has been completely turned around.

Ma, from Jinxing village, used to live a hard life until 1986 when she started a cloth selling business.

Today she is no longer a humble housewife but a modern lady wearing gold jewelry. With her earnings she has built a nine-room house.

Now, it is Ma who handles what she calls "foreign affairs" and her husband who does the cooking and looking after the children.

One of the major businesses for the Hui women is selling native produces such as sheep's wool and cashmere.

Others are into processing, repair shops, and weaving.

The corn stalk skin, used in the past as fuel, has been woven into delicate handicrafts for sale throughout Asia.

The businesses have made the women much better off.

Zhang Meihua, who lived on government relief when she got married ten years ago, earned more than 20,000 yuan last year from her own repair shop.

December Protest by Tibetans in Qinghai Reported
HK110846 Hong Kong AFP in English 0819 GMT
11 Mar 88

[By Pierre-Antoine Donnet]

[Text] Beijing, March 11 (AFP)—Hundreds of students and Tibetan monks protested for several days in December against forced abortions in the northwestern province of Qinghai, travellers returning from the region said.

Pupils from a secondary school for national minorities and another school as well as young monks from Rongwusi Temple in Tongren in eastern Qinghai shouted anti-Chinese and pro-independence slogans and protested against poor conditions in their schools, the travellers said.

After the unrest in mid-December, posters entitled "Long Live the Dalai Lama" (the Tibetan leader in exile) and "Down With Family Planning" were put up in Tongren and the situation has been tense over the last few weeks in the area with a large Tibetan population, the travellers said.

Beijing has said its one-child-per-couple policy does not apply to poor regions and national minorities, so Tibet and the neighbouring regions should be exempt from family planning regulations.

Forced abortions are also illegal throughout China, observers said.

The unrest in Qinghai followed an anti-Chinese riot in Lhasa on October 1 in which between six and 13 people died.

A pro-independence riot also took place in Lhasa last Saturday. Witnesses say eight people died while the Chinese press says only one person died, a Chinese policeman, and 309 were injured.

Wang Qing, spokesman for the foreign affairs department in Qinghai, said by telephone that a "small incident" took place at a school in Tongren.

In a "talk" with the headmaster "the students said there was no need to enforce the family planning policy in the region," he said.

However, the spokesman denied that a demonstration and arrests had taken place, adding: "we do not force women to undergo abortions and sterilisation operations. We only issue propaganda to spread awareness of family planning."

In this poverty-stricken region Tibetan women often marry very young and have already had about 10 children by the time they are 30, he said.

"We advise these people to plan their families," he said. The spokesman also confirmed that the students were complaining of poor food in the canteen.

Officials from the district of Tongren and neighbouring districts are rewarded for the number of abortions they can obtain, travellers said.

"They chase women in jeeps in the countryside. When they stop, they force them to go to hospitals where they are operated on under appalling conditions of hygiene. It is not unusual if they die," one traveller said.

Following the Tongren incident, 10 monks from Rongwusi were arrested, and eight of them are still in prison, this traveller said.

Large Tibetan communities live in Qinghai, Gansu, Sichuan and Yunnan.

In 1985, the U.S. Congress passed resolutions stating that forced abortions and sterilisations were "crimes against humanity" incurred by China's population programme.

The United States has for some time refused to contribute to the United Nations Fund for Population Activities (UNFPA).

Shaanxi Science, Technology Conference Held

Zhang Boxing Gives Speech
HK110817 Xian Shaanxi Provincial Service
in Mandarin 0500 GMT 7 Mar 88

[Text] Zhang Boxing, secretary of the provincial party committee, spoke at yesterday's provincial work conference on advancing science and technology in rural areas. He stressed: To fulfill our top priority task of promoting science and technology in our rural areas, we must use favorable conditions and special policies to attract scientific and technical personnel to rural areas, grass-roots units, and township and town enterprises.

Zhang Boxing said: Over the past few years, in accordance with the central authorities' spirit for scientific and technical structural reforms, our province has formulated a series of preferential policies to mobilize and encourage scientific and technical personnel to give full play to their abilities in rural areas. The current major issue is to vigorously promote implementation of such preferential policies. The current promotion of the contracted scientific and technical management responsibility system is the focal point of our scientific and technical structural reforms. The crux of the matter is to successfully honor the commitments to remunerate scientific and technical personnel.

Zhang Boxing added: In promoting the contracted technical management responsibility system, scientific and technical personnel can use their technical know-how to

become shareholders. They can also draw a percentage of profits and bonuses on the basis of the number of shares they have. Scientific and technical personnel who are under contract to run township and town enterprises can draw 1 to 5 percent of their sales as remuneration. Another method is for them to draw 10 to 20 percent of the after-tax profits as technical service charges. We can use different forms and methods to explore different ways. Through various ways such as applying for new jobs, transferring jobs, resigning, and asking for leave without pay, scientific and technical personnel can become contractors and leaseholders and run projects, provide services, and establish technical and economic entities. There will be no restrictions on their legitimate income. Of course, they should pay taxes according to law. We must allow and encourage scientific and technical personnel to have second jobs and legitimate extra income provided that their second jobs do not adversely affect their first jobs. All prefectures, cities, and counties can proceed from local conditions and formulate still more flexible policies in this regard.

Comrade Zhang Boxing stressed: We must establish the concept that scientific and technical achievements are commodities. One of the important reasons for some areas' failure to attach importance to science and technology is that for a long time they have failed to regard scientific and technical achievements as commodities. As a result, they have failed to properly establish a system for contracting out technical projects and a system of compensated services. These conditions must be changed.

Deputy Secretary Comments
HK110927 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 8 Mar 88

[Excerpts] The provincial work conference on advancing science and technology in rural areas concluded yesterday. In his speech at the concluding session, Mou Lingsheng, deputy secretary of the provincial party committee, noted: To fulfill the key task of carrying out scientific and technical structural reforms, we must ease restrictions on scientific and technical research organs and on scientific and technical personnel.

Mou Lingsheng said: Our implementation of the contracted rural technical responsibility system is another major reform aimed at promoting the rural economy through science and technology following our implementation of the contract system of responsibility linked to production in rural areas. [passage omitted]

Mou Lingsheng stressed: Now our province has all the plans, policies, stipulations, and regulations for advancing science and technology. The crux of the matter is vigorously implementing them. [passage omitted]

Shaanxi Leader Views Propaganda Tasks
HK110151 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 11 Mar 88

[Text] A Shaanxi provincial conference of propaganda department directors was convened in Xian yesterday. Responsible comrades of the provincial party committee, Advisory Commission, People's Congress Standing Committee, and government including Zhang Boxing, Zhang Ze, Zhou Yaguang, Chen Ming, and Sun Daren were present. Mao Shengxian, member of the standing committee of the provincial party committee and director of the propaganda department, presided. (Cheng Wanli), deputy director of the department, relayed the spirit of the national conference of propaganda department directors.

Provincial Party Committee Secretary Zhang Boxing made a speech. He said: Propaganda work occupies a very important position in party work and plays a very important role. Propaganda workers must do a good job in propaganda work in the new situation, acting in the spirit of reform and adopting a new posture. This requires that propaganda departments at all levels and comrades engaged in propaganda work adapt to the new situation in reforms and opening up, continually explore and sum up new experiences, improve their ideological and theoretical standards and work ability, and create a new situation in propaganda work.

Zhang Boxing said: The comrades on the propaganda front in Shaanxi work hard and diligently. In particular, since the 3d Plenary Session of the 11th CPC Central Committee, they have made positive contributions in implementing the party's line, principles, and policies and in promoting reform, opening up, and the building of the two civilizations in the province.

In carrying out propaganda work this year, the province must adapt to the new situation by thoroughly implementing the spirit of the 13th National CPC Congress, grasping education in the party's basic line, and serving the effort to deepen the reforms and promote the building of the two civilizations. The propaganda departments must step up theoretical research and education. They must study the new situation and opportunities resulting from the participation of the coastal regions in the great international economic circle. They must study a number of topics of particularly great importance for Shaanxi's reforms, opening up, and modernization. They must do a thoroughly good job in investigation and study, promote discussions, and fully demonstrate the proofs of their conclusions, thus providing a basis for the provincial party committee and government in making policy and acting as good assistants. Zhang Boxing said: In propaganda work this year, it is also necessary to conduct propaganda in conjunction with the new situation in the province's economic work, to enable the cadres and masses to gain a sense of urgency and

responsibility regarding the province's reforms, opening up, and modernization, together with a sense of the rigorous situation in which there is no way out without forging ahead.

On media reforms, Zhang Boxing said: It is necessary to reform journalism, and also to tackle this with caution. We must do still better at giving scope to the supervisory role of journalism. We have not done enough in this respect in the past. Some people greatly resent the problems exposed by the media, and even interfere with and hamper such exposure. This is extremely wrong. However, certain journalists do not take social effect into sufficient consideration in their eagerness to pursue so-called news value and to prove themselves unexpected winners and produce sensational stories. Party organizations of propaganda departments and media must therefore teach these comrades always to proceed from the overall situation and to consider whether their work benefits stability and unity, the modernization drive, and the party and people. In this way the work can be done still better.

Zhang Boxing said in conclusion: Radio, television, and the press are the party's mouthpieces. They have a very great impact on the people. Through propaganda, we must commend the advanced, criticize the backward, and spur the building of the two civilizations. We must highlight in our propaganda correct ideas and good work style. In this way, everyone can learn from them, and the atmosphere will change. We must precisely expose, criticize, and subject to legal sanctions those serious violations of law and discipline and gravely unhealthy trends. We must certainly not appease and indulge them. I hope the comrades of the propaganda departments will do more in going deep into reality to investigate and study, making new contributions to invigorating Shaanxi's economy.

Arid Land in Shaanxi Increases Crop Yields
*OW101209 Beijing XINHUA in English 0916 GMT
10 Mar 88*

[Text] Shaanxi, March 10 (XINHUA)—Arid land in northwest China's Shaanxi Province has been yielding more crops thanks to efforts by local agronomists, "OUTLOOK WEEKLY", a Beijing-based popular magazine, reported in its latest issue.

Over five million of the province's rural inhabitants in 23 counties live on one million hectares of land, 90 percent of which yields poor crops.

Previously, the local government tried hard to increase the output just by improving the irrigation systems, often fruitlessly, the magazine said.

Since 1981 over 200 farming experts have been working hard in the area to explore ways to harvest more crops, wheat in particular, from the arid land.

With help from the experts, local farmers have realized that they can get more from the land just by adding a particular fertilizer to improve the fertility of the land and help crops root more deeply to absorb more moisture.

Usually local wheat is rooted at a depth of 1.4 meters. But an agronomist applied phosphate in an experimental field in Heyang County and found that the wheat root grew as long as 2.7 meters, thus making a hectare yield an additional 750 kg of wheat, the magazine reported.

Xinjiang Corps Leader on Political Reform
*HK110301 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 6 Mar 88*

[Text] An enlarged meeting of the Xinjiang production and construction corps party committee was held recently. Guo Gang, secretary and political commissar of the corps party committee, gave a speech. He noted: With the unceasing deepening and development of economic structural reforms, more and more pressing demands are being set on political structural reforms. Party committees at all levels must adopt a positive and prudent approach, and make great efforts to promote political structural reforms within the corps.

He added: Some party cadres of the corps lack a correct understanding of political structural reforms. Some people feel a sense of loss as well as inferiority after their leading positions have been turned into supervisory and guaranteeing ones. This is wrong. Since we still lack experience in conducting political structural reforms in the corps, we must make explorations toward advances. At present, we must successfully fulfill six tasks.

First, all those farms, industrial and communication enterprises, and shops that have implemented the contracted management responsibility system or the system of factory director's responsibility must ensure that their party committees implement the regulations regarding party committee work in the grass-roots enterprises. They must also ensure that their party committees' leading functions are turned into supervisory and guaranteeing ones.

Second, they must actively reform their personnel systems. The most important things are: They must break the "iron rice bowl," take the "iron chair" away, abolish the life tenure system, lead competitive mechanism into enterprise management, and establish and perfect the system of responsibility.

Third, before the end of this year, units at the divisional and bureau levels within the corps must complete designating the areas for party committee functions and the areas for administrative functions, so as to gradually standardize party committee work.

Fourth, it is imperative to transfer power to lower levels. It is imperative to put forward, before the end of this year, a plan for transferring powers from units at the

divisional and bureau levels within the corps to lower levels. Powers that should be transferred to lower levels must be transferred as quickly as possible.

Fifth, it is imperative to establish a system for holding consultations and dialogues. From now on, leaders of the corps will visit all districts every 6 months to listen to opinions. In making decisions on the corps' major issues, the corps leaders should, when appropriate, exchange views with leaders of all divisions, departments, and

bureaus, and discuss issues with them. This will serve the purpose of increasing the transparency of leadership work, and deepening the democratic and scientific nature of our policy-making process.

Sixth, we must gradually establish a democratic supervisory system, strengthen the ability of the vast numbers of staff members and workers to supervise leaders, and build closer relations between the party and the masses.

Hong Kong

Governor Discusses Trade With Japanese
HK110619 Hong Kong SOUTH CHINA MORNING POST in English 11 Mar 88 pp 1, 3

[“From Michael Murray in Tokyo and Alexis Sinclair in Osaka”]

[Text] Hong Kong Governor Sir David Wilson yesterday welcomed market opening measures being made by the Japanese Government and said a further reduction in tariff rates would be beneficial both to the Japanese consumer and to Japan's image as a leading world trading nation.

Sir David made the comments during a lunchtime address on the second day of his visit to Tokyo, accompanied by a high-powered trade mission from Hong Kong.

Earlier, Sir David had the opportunity to put across Hong Kong's position on trade issues directly to Japanese officials in a series of meetings with senior Government members.

Talks were held with Foreign Minister Sosuke Uno, Director General of the Economic Planning Agency Eiichi Nakao, Liberal Democratic Party Secretary General Shintaro Abe and the vice-minister for International Affairs at MITI, Makoto Kuroda.

Japanese officials were briefed on investment opportunities as well as the latest developments in the implementation of the Joint Declaration on post-1997 arrangements for Hong Kong.

Calls were also made for greater access for Hong Kong companies in the Japanese market, including the services sectors.

Sir David said the meetings with Government officials, including today's scheduled call on Prime Minister Noboru Takeshita, illustrated the importance which Japan attaches to its relationship with Hong Kong.

He said that it was important for Hong Kong to diversify its export markets, which meant paying more attention to markets such as Japan.

This included activity in the service sector as well as merchandise trade, Sir David added.

“We would like to have more Hong Kong-based service activity here—for instance we would like to have a greater involvement in the Tokyo Stock Exchange,” he said.

“There is a great deal of Japanese service sector activity in Hong Kong in terms of banks, securities houses, seats on the Hong Kong Stock Exchange...and we would like to make sure that there is an opportunity for the equivalent development of Hong Kong access to the Tokyo market.”

Sir David added that the current climate in Japan made it a good time for foreign businesses to try to break into the market.

“It is a good time to be doing that because Japan is at the moment intent on developing its own market, giving greater access to imports and restructuring its domestic economy in a number of very significant ways.”

Hong Kong businessmen must now take advantage of this and make practical improvements in the way they carried out their trade with Japan, Sir David said.

After his morning meeting, Sir David went on to deliver an address at the inaugural meeting of the Japan/Hong Kong Society.

In a lunchtime speech to members he underlined the importance of the Hong Kong market to Japanese companies.

He cited the construction and retailing sectors as two areas where Japanese companies played a prominent role in the territory.

And he pointed out that despite its small population Hong Kong was Japan's fifth largest export market.

Sir David also stressed Hong Kong's attractiveness as an investment location.

But he expressed concern at the huge trade surplus Japan runs with the territory—more than HK\$30 billion in 1987.

“We recognise that differences in size, output and need make it impossible to have a trade balance with each individual trading partner,” he said.

“We would never attempt to achieve this artificially. There are no tariff or non-tariff barriers to imports into Hong Kong.”

“We welcome Japanese exports to Hong Kong because we value your country as a source of supply of high quality and reliable products,” Sir David said. “Nevertheless, we are concerned at the sizeable trade gap between us.”

“A very lopsided trade relationship is undesirable in the long term.”

“It is for these reasons that we welcome the efforts being made by Japan to open its markets further,” Sir David said.

“If we are all to avoid a protectionist backlash these efforts must continue and must be seen to bear fruit,” he said.

Sir David added that Hong Kong exporters recognised the need to make even greater efforts to promote their sales to Japan.

er lunch, mission members paid a courtesy call upon Hiro Saito, chairman of the influential Federation of Economic Organisation—the Keidanren, before joining joint session of the Hong Kong/Japan and Japan/Hong Kong Business Co-operation Committees.

an opening speech the chairman of the Hong Kong-Japan committee, Sir S.Y. Chung, underlined the importance of increasing Hong Kong's exports to Japan, and correcting the large trade imbalance which exists between the two trading partners.

day, Sir David will meet the principal adviser to the JEP's Special Committee on International Economic Measures, Tadashi Kuranari before calling on Mr Yoshita.

David will be accompanied by Sir S.Y., Trade Development Council chairman Lydia Dunn, and Hong Kong Bank chairman William Purves.

The mission will then depart for Osaka, where members will attend the gala opening of a major Hong Kong store promotion, organised jointly by Daimaru, Osaka, and Trade Development Council.

David will sign a trade agreement with Osaka today further promote industrial and trade co-operation between the two cities.

cially titled the "Business Partner Agreement" it is, essence, a sister city affiliation that will provide further economic exchange between Osaka and Hong Kong and will serve to increase bilateral trade of 87.3 billion yen (about HK\$525 billion) reached in 1986.

Meanwhile, Japan's trade surplus fell sharply again in January, to U.S.\$5.24 billion from U.S.\$7.13 billion or earlier, the Finance Ministry said yesterday.

Panama's Bank Closures 'Threaten' Shipping
HK110627 Hong Kong SOUTH CHINA MORNING
POST (BUSINESS POST) in English 11 Mar 88 p 1

Dave Hartmann]

at) Continued closure of Panama's banks threatens to destabilise Hong Kong's shipping industry, according to George Guillen, general manager of Panama Fleet Services.

Guillen, a Panamanian who owns the Hong Kong-based shipping agency, noted the territory's shipping activities had not yet slowed in the troubled area.

ships were being registered in Hong Kong for the Panamanian flag as recently as Wednesday, Mr Guillen said. Payments had to be made directly to the Panamanian government via its Hong Kong consulate—where the consul general is Ciero Noriega, General Manuel Noriega's cousin.

In West Germany, England and the U.S. other Panamanian consulates refused to recognise General Noriega's new government, Mr Guillen said, but Hong Kong's consulate supported General Noriega.

Consul General Noriega was not available for comment, but director of shipping for the Panamanian Consulate, George Kuan, confirmed the political turmoil has not affected relations with the Hong Kong shipping community.

"We are still providing full services for ships here," he said. "The only problem is that vessels going into the Panamanian ports have to give agencies cash to pay for services like oil, water or food."

"But there are no problems with the canal," he added.

However, Mr Guillen said if Panamanian banks remained closed for much longer, canal operators might join the strikes currently paralysing the country. This in turn would create a bottleneck in the canal.

Extra costs incurred would be then passed on to the consumer through a freight rate hike, the director said.

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General Manuel Noriega, last week ordered all banks closed after deposed president Eric Arturo Delvalle masterminded a freeze on U.S.\$50 million in Panamanian assets in the U.S.

The U.S. clampdown has shaken the country financially and politically. Mr Guillen said signs of trouble were now beginning to appear in the canal which was still effectively controlled by the U.S. government.

Total Exports Show 34-Percent Increase
HK110623 Hong Kong SOUTH CHINA MORNING
POST (BUSINESS POST) in English 11 Mar 88 pp 1, 3

[Text] Hong Kong's total exports in January rose 34 percent to \$34.84 billion over the same month a year ago.

Domestic exports for the month increased in value terms by 17 percent to \$16.47 billion while re-exports surged to \$18.36 billion, up 53 percent.

On a year-on-year basis, domestic exports climbed 26 percent to \$197.67 billion for the 12 months to January. Value of re-exports was also 50 percent higher at \$189.14 billion, lifting total exports by 36 percent.

Hong Kong trade statistics for January released yesterday by the Census and Statistics Department revealed an increase of 41 percent in imports to \$33.15 billion taking total merchandise trade for the month to \$67.99 billion, up 37 percent.

Again on a yearly basis, imports rose by 38 percent to \$387.58 billion and total merchandise trade was up 37 percent.

Domestic exports to Hong Kong's largest market—the United States—nudged up five percent, or \$283 million, to \$5.59 billion.

Singapore's import of Hong Kong goods rose a significant \$114 million to \$360 million, 46 percent more than in the previous January.

China, the second major export destination, registered a hefty growth of 44 percent to \$2.47 billion.

Re-export activities gained considerably in most major markets over the previous year with percentage increases of 90 percent in Japan, 89 in West Germany, 68 in Australia, 65 in Britain and 63 in Taiwan.

China topped the list of Hong Kong's re-export markets and accounted for \$5.78 billion in local re-exports.

Value of imports from all major suppliers increased, especially those from Switzerland, which posted a rise of 107 percent, Singapore (81 percent), South Korea (57 percent), U.S. (50 percent) and France (45 percent).

The department cautioned changes in value of bilateral trade in any single month had to be interpreted with the perspective that growth for individual months was subject to fluctuation.

Domestic exports of apparel and clothing increased in value by 12 percent, photographic apparatus and optical goods, watches and clocks (32 percent), electrical machinery and parts (35 percent), office machines and data processing equipment (43 percent).

Popular items under the re-exports category included textile products with a value increase of 29 percent, clothing (36 percent), [and] electrical machinery (86 percent).

Local Elections Turnout Low, Results Reported
HK110655 Hong Kong HONGKONG STANDARD
in English 11 Mar 88 p 1

[Text] Less than a third of Hong Kong's 1.42 million voters turned out yesterday to cast their votes in the third district board elections.

The 424,444 people who voted represented 30.3 percent of registered electors—7.1 percent or 52,086 people less than the turnout in the last elections three years ago.

Fine weather and intense lobbying by interested groups failed to bring the voters out in larger numbers. Critics said it was "disappointing but not surprising."

But Chief Secretary Sir David Ford described the turnout as good and healthy and rejected suggestions that the decision in the political White Paper to strip the boards of their Legislative Council constituency status had caused voters to lose interest.

A total of 493 candidates competed for 264 seats in 19 districts, with 34 returned uncontested.

While the turnout was down, the polls were less peaceful than last time, particularly in the last few hours before the booths closed at 10 pm.

Heated arguments broke out in several areas between rival groups gathered outside polling places to lobby voters for support. The arguments came close to violence in parts of Sha Tin, Kwun Tong, Southern, Jordan and Wan Chai.

The Electoral Office received 20 complaints of alleged election irregularities and malpractices, but officials said they were minor.

First results began to come in shortly after midnight, and counting was expected to be completed some time this morning.

The turnout in the New Territories was much better than in the urban areas—38.1 percent against 26.1 percent.

On the district level, the biggest percentage turnout was in Sai Kung where 6,875 people voted, slightly more than half the 15,155 electors.

Close behind was Islands, with just under 48 percent. Lowest was Mong Kok, where 6,598 people—just 16.5 percent of the total registered—turned out.

The lower turnout was in spite of the trebling of the amount spent on government promotion campaigns. A total of \$4 million was used this year compared to \$1.3 million in 1985.

Deputy Chief Secretary Mr John Chan said the government had done its job properly in making arrangements for the elections and it was up to the voters to exercise their rights.

The White Paper, he said, could not have had anything to do with the turnout.

Sir David Ford said the numbers were good by world standards for district elections, and, "I don't think one should be depressed about it.

"I don't think we have established a trend of voter turnout for district board elections yet," he said.

"There are a large number of candidates. The whole situation has changed since 1985 (the last election year)."

Asked about criticism that the decision to cancel the boards as a Legislative Council constituency would dampen enthusiasm in them, he said: "I think the analysis of why people vote or why they don't is very complicated indeed and cannot be reduced to simplistic term about what people believe about the political situation in Hong Kong."

The Secretary for District Administration Mr Donald Liao described the voter turnout rate as "very satisfactory". He said the actual percentage in some districts was high.

Political commentators said it was not surprising that the turnout was lower than in 1985.

Chinese University sociology lecturer Dr Stephen Tang said it was related to the government's action in throwing district boards out of the orbit of developing representative government.

"The political significance of district boards has dropped. They are no more than consultative committees," he said.

Former Chief Secretary Sir David Askers-Jones said the result was not surprising because of the large number of uncontested seats.

"Hong Kong is stable and prosperous. People don't have much to battle about. Perhaps they don't think they need to go out to vote," he said.

Another factor for the lower rate was that people were getting used to the district board elections, he said.

"Perhaps the boards are doing a good job without much controversy. The voters don't think they need to vote to kick out the existing members."

Early results saw the defeat of a pro-China candidate, Mr Chen Haueh-wen in Sheung Wan. He was beaten by a liberal, Mr Anthony Ng.

Several liberals were among the first batch of successful candidates.

Among them are anti-*Daya Bay* lobbyist, Rev Fung Chiwood in Sha Tin, Mr Yeung mei-kwong and Mr Chan Mo-pow in Tuen Mun and Mr Man Sai-cheong in Eastern.

Mr Man, an Urban Councillor, won by a big margin with a total of 2,061 votes.

An Indian candidate in Yau Ma Tei, Mr Gary Ahuja, who was defeated in the last district board elections, was successful this time.

Two legislators, Mr Chan Ying-lun and Mr Lee Yu-tai, were also successfully returned for another term in Eastern.

Hong Kong

Governor Discusses Trade With Japanese
HK110619 Hong Kong SOUTH CHINA MORNING POST in English 11 Mar 88 pp 1, 3

["From Michael Marray in Tokyo and Alexis Sinclair in Osaka"]

[Text] Hong Kong Governor Sir David Wilson yesterday welcomed market opening measures being made by the Japanese Government and said a further reduction in tariff rates would be beneficial both to the Japanese consumer and to Japan's image as a leading world trading nation.

Sir David made the comments during a lunchtime address on the second day of his visit to Tokyo, accompanied by a high-powered trade mission from Hong Kong.

Earlier, Sir David had the opportunity to put across Hong Kong's position on trade issues directly to Japanese officials in a series of meetings with senior Government members.

Talks were held with Foreign Minister Sosuke Uno, Director General of the Economic Planning Agency Eiichi Nakao, Liberal Democratic Party Secretary General Shintaro Abe and the vice-minister for International Affairs at MITI, Makoto Kuroda.

Japanese officials were briefed on investment opportunities as well as the latest developments in the implementation of the Joint Declaration on post-1997 arrangements for Hong Kong.

Calls were also made for greater access for Hong Kong companies in the Japanese market, including the services sectors.

Sir David said the meetings with Government officials, including today's scheduled call on Prime Minister Noboru Takeshita, illustrated the importance which Japan attaches to its relationship with Hong Kong.

He said that it was important for Hong Kong to diversify its export markets, which meant paying more attention to markets such as Japan.

This included activity in the service sector as well as merchandise trade, Sir David added.

"We would like to have more Hong Kong-based service activity here—for instance we would like to have a greater involvement in the Tokyo Stock Exchange," he said.

"There is a great deal of Japanese service sector activity in Hong Kong in terms of banks, securities houses, seats on the Hong Kong Stock Exchange...and we would like to make sure that there is an opportunity for the equivalent development of Hong Kong access to the Tokyo market."

Sir David added that the current climate in Japan made it a good time for foreign businesses to try to break into the market.

"It is a good time to be doing that because Japan is at the moment intent on developing its own market, giving greater access to imports and restructuring its domestic economy in a number of very significant ways."

Hong Kong businessmen must now take advantage of this and make practical improvements in the way they carried out their trade with Japan, Sir David said.

After his morning meetings Sir David went on to deliver an address at the inaugural meeting of the Japan/Hong Kong Society.

In a lunchtime speech to members he underlined the importance of the Hong Kong market to Japanese companies.

He cited the construction and retailing sectors as two areas where Japanese companies played a prominent role in the territory.

And he pointed out that despite its small population Hong Kong was Japan's fifth largest export market.

Sir David also stressed Hong Kong's attractiveness as an investment location.

But he expressed concern at the huge trade surplus Japan runs with the territory—more than HK\$50 billion in 1987.

"We recognise that differences in size, output and need make it impossible to have a trade balance with each individual trading partner," he said.

"We would never attempt to achieve this artificially. There are no tariff or non-tariff barriers to imports into Hong Kong."

"We welcome Japanese exports to Hong Kong because we value your country as a source of supply of high quality and reliable products," Sir David said. "Nevertheless, we are concerned at the sizeable trade gap between us."

"A very lopsided trade relationship is undesirable in the long term."

"It is for these reasons that we welcome the efforts being made by Japan to open its markets further," Sir David said.

"If we are all to avoid a protectionist backlash these efforts must continue and must be seen to bear fruit," he said.

Sir David added that Hong Kong exporters recognised the need to make even greater efforts to promote their sales to Japan.

After lunch, mission members paid a courtesy call upon Eishiro Saito, chairman of the influential Federation of Economic Organisation—the Keidanren, before joining a joint session of the Hong Kong/Japan and Japan/Hong Kong Business Co-operation Committees.

In an opening speech the chairman of the Hong Kong/Japan committee, Sir S.Y. Chung, underlined the importance of increasing Hong Kong's exports to Japan, and correcting the large trade imbalance which exists between the two trading partners.

Today, Sir David will meet the principal adviser to the LDP's Special Committee on International Economic Measures, Tadashi Kuranari before calling on Mr Takeshita.

Sir David will be accompanied by Sir S.Y., Trade Development Council chairman Lydia Dunn, and Hong Kong Bank chairman William Purves.

The mission will then depart for Osaka, where members will attend the gala opening of a major Hong Kong store promotion, organised jointly by Daimaru, Osaka, and the Trade Development Council.

Sir David will sign a trade agreement with Osaka today to further promote industrial and trade co-operation between the two cities.

Officially titled the "Business Partner Agreement" it is, in essence, a sister city affiliation that will provide greater economic exchange between Osaka and Hong Kong and will serve to increase bilateral trade of 87.3 billion yen (about HK\$525 billion) reached in 1986.

Meanwhile, Japan's trade surplus fell sharply again in February, to U.S.\$5.24 billion from U.S.\$7.13 billion year earlier, the Finance Ministry said yesterday.

Panama's Bank Closures 'Threaten' Shipping
HK110627 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 11 Mar 88 p 1

[By Dave Hartshorn]

[Text] Continued closure of Panama's banks threatens to destabilise Hong Kong's shipping industry, according to Andres Guillen, general manager of Panama Fleet Services.

Mr Guillen, a Panamanian who owns the Hong Kong-based shipping agency, noted the territory's shipping activities had not yet slowed in the troubled area.

Ships were being registered in Hong Kong for the Panamanian flag as recently as Wednesday, Mr Guillen said. But payments had to be made directly to the Panamanian government via its Hong Kong consulate—where the consul general is Ciero Noriega, General Manuel Noriega's cousin.

In West Germany, England and the U.S. other Panamanian consulates refused to recognise General Noriega's new government, Mr Guillen said, but Hong Kong's consulate supported General Noriega.

Consul General Noriega was not available for comment, but director of shipping for the Panamanian Consulate, George Kuan, confirmed the political turmoil has not affected relations with the Hong Kong shipping community.

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